



# ANNUAL REPORT

2019





The Company has been re-certified as a member of  
“Thailand’s Private Sector Collective Action Coalition Against Corruption” (CAC)  
until November 5, 2021

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## REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors of Lanna Resources Public Company Limited, I would like to take this opportunity to report to the shareholders with regard to the financial status and operating results for the past year 2019, which is still considered a good achievement. The performance of coal business, which is the core business, and ethanol-for-fuel business, which is the secondary core business, were still satisfactory and profitable despite the fact that coal prices had declined during year 2019 and the Indonesian Government policy (Domestic Market Obligation) has become more stringent, which stipulates a higher portion of coal supply to the domestic consumers with lower selling price than that of export. In 2019, the ethanol-for-fuel business, which is the secondary core business, earned the highest profit since the start of the business due to the decrease in molasses price, which is the raw material and major cost, and to the good ethanol production yield.

**Overall Operating Results in 2019:** The total revenue was Baht 9,357.11 million with net profit according to the shareholding proportion of Baht 420.58 million or net earnings per share of Baht 0.80. In comparison with year 2018, the revenue decreased by Baht 3,216.29 million or 25.58 percent, and the net profit decreased by Baht 180.10 million or 29.98 percent. The revenue proportion from the sales of coal and ethanol accounted for 72.62 percent and 27.38 percent with the net profit proportion from the coal business and ethanol business of 37.72 percent and 62.28 percent, respectively, having EBITDA margin of 18.81 percent, net profit margin of 8.46 percent and return on equity of 9.64 percent, which are still considered satisfactory.

**Operating Results of the Core Business in 2019, The Coal Business:** The total revenue was Baht 6,719.81 million, which decreased from the previous year by Baht 3,119.32 million or 31.70 percent, having the net profit of Baht 277.53 million, which decreased from the previous year by Baht 476.05 million or 63.17 percent with the coal sales volume and the average coal selling price decreased by 14.05 and 20.53 percent, respectively, due to reduction in global coal prices since the second half of 2018. Currently, there are two coal mining concessions in operation in Indonesia with total coal production capacity of approximately 6.50 million metric tons per year.


**Operating Results of the Secondary Core Business in 2019, the Ethanol-for-Fuel Business:** The total revenue was Baht 2,534 million, which decreased from the previous year by Baht 162.08 million or 6.01 percent due to the increase in ethanol sales volume of 1.03 percent but the average ethanol selling price decreased by 7 percent, resulting in a record net profit since starting the business of Baht 513.62 million, which increased from the previous year by over Baht 219.35 million or 74.54 percent due to the decrease in average cost of ethanol sales of 15.60 percent, since the molasses price, which is the main raw material and major cost, decreased by 19.38 percent from the previous year. Currently, the ethanol production plant, which is located in Dan Chang District, Suphanburi Province, consists of two ethanol production lines with total production capacity of 350,000 liters per day, utilizing molasses as the main raw material. Both ethanol production lines have been granted special investment promotion privileges according to the Investment Promotion Act, B.E. 2520, by which the production line no. 1 has been granted investment promotion certificate from the improvement of production efficiency to reduce environmental impact for a 3-year period until March 18, 2022, and the investment promotion certificate for the production line no. 2 will expire on April 1, 2020.

**Overall Financial Position in 2019:** Company's financial position was in good standing having the total asset as at the end of 2019 of Baht 9,735.48 million, which increased from the previous year by Baht 89.76 million or 0.93 percent and the total liabilities as at the end of 2019 was Baht 3,754.83 million, which increased from the previous year by Baht 24.96 million or 0.67 percent. The total shareholders' equity at the end of 2019 was Baht 5,980.65 million, which increased from the previous year by Baht 64.80 million or 1.10 percent, with the book value in 2019 of Baht 8.31 per share, equal to the previous year.



**Overall Liquidity in 2019:** Company's liquidity was considered healthy with the current ratio as high as 1.61 times and the total debt to total asset ratio was at a low level of only 38.57 percent and the total debt to equity ratio of only 62.78 percent. In addition, the Company has cash flow and credit facilities from financial institutions that are sufficient for business operations and future investments.

**Awards and Recognitions:** The Company gives priority on the management according to the principles of good corporate governance and realizes the importance of corporate responsibility to society, community and environment, in order to create sustainable development for the corporation in the long run, as well as being committed to promoting anti-corruption in every form. Accordingly, the Company has received the awards and recognitions as follows:

(1) For the assessment of Corporate Governance ("CGR") Year 2019 by the Thai Institute of Directors Association, the Company was placed in a "Very Good" level or 4 stars (  ), ranking in the Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,999 million, having received a score of 89 percent, higher than the previous year with a score of 88 percent.

(2) For the Annual General Meeting Quality Assessment of the Listed Companies ("AGM Checklist") Year 2019 conducted by the Thai Investors Association, the Company has received the full 100-score or "excellent" level for nine consecutive years since 2011.

(3) The Company has been officially certified as a member of "Thailand's Private Sector Collective Action Coalition Against Corruption" since 2015 and was re-certified as its member until November 5, 2021.

(4) The Ayutthaya Coal Distribution Center conducts its business operation in Thailand with responsibility toward the community, society and environment, having been granted awards during 2019 as follows: (A) the Green Industry Accreditation (Green System) Level 3 for having systematic environmental management with monitoring, assessment and review for continuous development (B) the award regarding the development of factories in eco-industrial areas level 2 and 3 from the use of limited resources with efficiency and effectiveness in terms of promoting sustainability and reducing the impact on the environment; and (C) the CSR-DIW Continuous Award 2019 which covers organizational governance, human rights, labor, environment, fair treatment, consumers, and participation in community and society development.

(5) PT. Lanna Harita Indonesia, subsidiary company with coal mining operations in Indonesia, recognizes and gives importance to environmental responsibility, which has received the awards in 2019 from the central and local government of Indonesia for their excellent environmental management in compliance with the environmental management standards and relevant laws.

(6) PT. Singlurus Pratama, subsidiary company with coal mining operations in Indonesia, recognizes and gives importance to environmental responsibility, which has received awards in 2019 from the central and local government of Indonesia for their excellent environmental management in compliance with the environmental management standards and relevant laws, and received "Zero Accident Awards" from the Ministry of Labor and the Governor of East Kalimantan Province for having zero accident from the period between January 1, 2009 until December 31, 2018.

**Future Investments:** The Company plans to invest in various projects as follows:

(1) The Company has prepared to invest in the third coal mining concession of PT. Pesona Khutulistiwa Nusantara in Indonesia, currently operating in two coal deposits with total coal production capacity of 3.50 million metric tons per year. In addition, the Company is still seeking for new investment opportunities in coal mining concessions in order for the Company to expand its production and distribution capacity in the future.

(2) Thai Agro Energy Public Co., Ltd., a subsidiary company, has undertaken the construction of the spent wash evaporation plant in 2019, utilizing an evaporator system process for bio-methanated spent wash with capacity of 3,000 cubic meters per day and is currently under commissioning process. The spent wash evaporation plant is deemed to be an effective and sustainable solution for treatment of wastewater from the ethanol production process to reduce the environment impact, which is in line with Company's policy. After its completion, water resource consumption can be significantly reduced by over 90 percent as water condensation from the spent wash evaporation process can be reused for ethanol production process with an excess electricity power produced from this project that can be used in ethanol production plant to save electricity consumption. Furthermore, potassium humate will be derived as a by-product from this wastewater evaporation process at approximately 50,000 metric tons per year, which can be sold for additional revenue and profit.

(3) Lanna Power Generation Co., Ltd., a subsidiary company, is conducting a feasibility study in a joint venture in coal-fired power plant project in Indonesia, by which the Company and subsidiary companies certainly have potential to invest in the coal-fired power plant project having its own existing coal mining concession. In addition to the increase in coal production and distribution capacity, the return on investment from such power plant will be received. Moreover, the Company is studying and negotiating for more investment opportunities in other renewable energy projects in both domestic and overseas such as bio-fuel energy business, etc., which should yield higher revenue and profit in the future.

**Future Trend:** Coal is still the world's primary fuel with increase in utilization rate every year, especially in the Southeast Asia region, due to the fact that coal has abundant amount of reserves and is less expensive than other types of fuel. It is therefore expected that the operation results for the core business of coal and the secondary business of ethanol-for-fuel shall continue to be profitable in 2020.

The Board of Directors has endeavored to manage and resolve any difficulties with prudence and diligence by adhering to good corporate governance principles, having guided the Company to get through any obstacles and consistently maintain good operating results, which enables the Company to pay dividend to the shareholders at high level every year. Accordingly, the Board of Directors shall continue to develop and expand its business for sustainable growth and development of the Company in long term.

**On behalf of the Board of Directors of  
Lanna Resources Public Company Limited**



**(Mr. Somkiart Limsong)  
Chairman of the Board**

**BOARD OF DIRECTORS**  
**Lanna Resources Public Company Limited**



**Mr. Somkiart Limsong**  
Chairman of the Board



**Mr. Vanchai Tosomboon**  
Director



**Mr. Paul Heinz Hugentobler**  
Director



**Mr. Siva Mahasandana**  
Director



**Mr. Tanon Tantisunthorn**  
Director



**Mr. Kraisi Sirirungsi**  
Director



**Mr. Suroj Subhasavasdikul**  
Director



**Mr. Visit Tantisunthorn**  
Director



**Mr. Anun Louharanoo**  
Director



**Mr. Srihasak Arirachakaran**  
Director / Chief Executive Officer



**Mr. Padoong Techasarintr**  
Independent Director / Audit Committee Chairman



**Mr. Adul Tantharatana**  
Independent Director / Audit Committee Member



**Mrs. Duangkamol Suchato**  
Independent Director / Audit Committee Member



**Mr. Akasit Jirayuwanon**  
Independent Director

## COMPANY PROFILE AND OTHER IMPORTANT INFORMATION

**Background:** Lanna Resources Public Company Limited, Registration No. 0107535000397 (formerly Bor.Mor.Jor. 72), formerly Lanna Lignite Public Company Limited, was initially established as a registered company on the October 4, 1985 and later converted to a public company limited on December 29, 1992. On July 12, 1994, the Company was given permission by the Ministry of Finance to register its ordinary shares for trading in the Stock Exchange of Thailand. The Company is listed in the Resources Group (Energy and Utilities sector). The Company has registered and changed its name to Lanna Resources Public Company Limited since May 17, 2001.

**Head Office:** Located at 888/99, Mahathun Plaza Building, 9<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330; Tel.: 0-2253-8080, 0-2253-6820; Fax: 0-2253-6822, 0-2253-5014; **Website:** [www.lannar.com](http://www.lannar.com); **Email Address:** [lanna@lannar.com](mailto:lanna@lannar.com)

**Branch Office:** Ayutthaya Coal Distribution Center located at 108 Moo 1, Klong Sakae Sub-district, Nakhonluang District, Ayutthaya Province, Tel.: 035-724158; Fax: 035-724158

**Type of Business:** The Company operates three following main businesses:

- (1) Solid Fuel:** Business in the coal production and distribution domestically and overseas
- (2) Liquid Bio-Fuel:** Business in the ethanol production and distribution for bio-fuel purposes
- (3) Renewable Energy:** Business in investment and service in power generation and distribution and renewable energy business

**REGISTERED AND PAID-UP CAPITAL:** 524,999,679 ordinary shares at a par value of Baht 1 per share, for a total paid-up registered capital of Baht 524,999,679.

**REGISTRAR:** Thailand Securities Depository Co., Ltd., 93 Stock Exchange of Thailand Building, Rajadapisek Road, Dindang, Bangkok 10400 Tel.: 0-2009-9000, Fax: 0-2009-9991

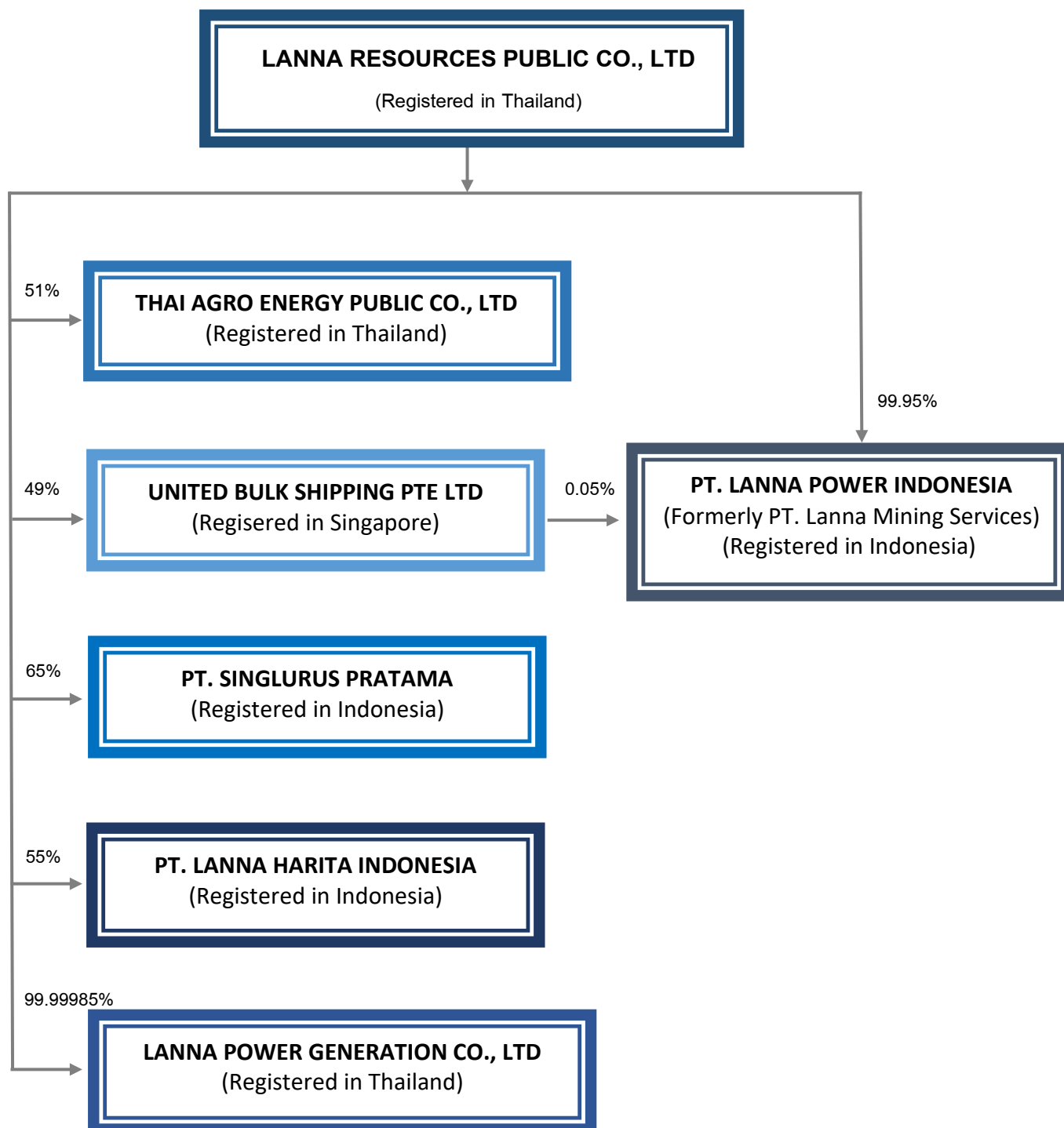
**AUDITOR:** Ms. Siriwan Suratepin, certified public accountants no. 4604; and/or Ms. Kamontip Lertwitworatep, certified public accountant no. 4377; and/or Ms. Satida Ratananurak, certified public accountant no. 4753 of EY Office Limited with address at 193/136-137 Ratchadapisek Rd., Klongtoey, Bangkok 10110, Tel.: 0-2264-9090, Fax: 0-2264-0789-90

**LEGAL ADVISOR:** Dharmniti International Co., Ltd., 2/4 Nai Lert Tower, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Tel.: 0-2252-1260, Fax: 0-2252-1104

For more information on the Company Profile, please refer to the Annual Registration Statement Year 2019 (From 56-1) on the Company website ([www.lannar.com](http://www.lannar.com)).

## INVESTMENT IN THE SUBSIDIARY AND ASSOCIATED COMPANIES

The Company has invested in five subsidiary companies both direct and indirect shareholding exceeding 50 percent of the paid-up capital, and in one associated company in direct shareholding of 49 percent of the paid-up capital, according to the investment structure and profile of each company as at December 31, 2019 below.



**Note:** Shareholding proportion in each company above represents all shares with voting rights, without any restrictions.



**THAI AGRO ENERGY PUBLIC CO., LTD. (REGISTERED IN THAILAND)**

Location:	888/114 Mahathun Plaza Building, 11 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Tel.: 02-627-3890-94, Fax: 02-627-3888-89
Type of Business:	Listed company in the Stock Exchange of Thailand with a business of Production and Distribution of Ethanol-for-Fuel (99.5% Anhydrous Alcohol by volume) The ethanol is a clean fuel used in 10%, 20% and 85% mixture as Gasohol E10, E20 and E85 for automobiles.
Registered Capital:	1,000,000,000 ordinary shares at Baht 1 per share totaling Baht 1,000,000,000
Paid-up Capital:	1,000,000,000 ordinary shares at Baht 1 per share totaling Baht 1,000,000,000
Company's Shareholding:	510,000,000 ordinary shares at Baht 1 per share totaling Baht 510,000,000
Shareholding Proportion:	Direct shareholding of 51 percent of paid up capital

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**PT. LANNA POWER INDONESIA (FORMERLY PT. LANNA MINING SERVICES REGISTERED IN INDONESIA)**

Location:	The City Tower, 9 <sup>th</sup> Floor #1S, JL.MH. Thamrin No. 81, Jakarta Pusat 10310, Indonesia, Tel.: 62(21) 3199-7214, Fax: 62(21) 3199-7254
Type of Business:	Coal Trading
Registered Capital:	21,000 ordinary shares at USD 100 per share totaling USD 2,100,000
Paid-up Capital:	21,000 ordinary shares at USD 100 per share totaling USD 2,100,000
Company's Shareholding:	20,990 ordinary shares at USD 100 per share totaling USD 2,099,000
Shareholding Proportion:	Direct and indirect shareholding of 99.975 percent of the paid-up capital

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**PT. SINGLURUS PRATAMA (REGISTERED IN INDONESIA)**

Location:	The City Tower, 9 <sup>th</sup> Floor #1S, JL.MH. Thamrin No. 81, Jakarta Pusat 10310, Indonesia, Tel.: 62(21) 3199-7252; Fax: 62(21) 3199-7254
Type of Business:	Coal Production and Distribution
Registered Capital:	10,500 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling Indonesian Rupiah 10,500,000,000
Paid-up Capital:	10,500 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling Indonesian Rupiah 10,500,000,000
Company's Shareholding:	6,825 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling Indonesian Rupiah 6,825,000,000
Shareholding Proportion:	Direct shareholding of 65 percent of the paid-up capital

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**PT. LANNA HARITA INDONESIA (REGISTERED IN INDONESIA)**

Location:	The City Tower, 9 <sup>th</sup> Floor #1S, JL.MH. Thamrin No. 81, Jakarta Pusat 10310, Indonesia Tel.: 62(21) 3199-7245, Fax: 62(21) 3199-7254
Type of Business:	Coal Production and Distribution
Registered Capital:	10,500 ordinary shares at USD 1,000 per share totaling USD 10,500,000
Paid-up Capital:	8,000 ordinary shares at USD 1,000 per share totaling USD 8,000,000
Company's Shareholding:	4,400 ordinary shares at USD 1,000 per share totaling USD 4,400,000
Shareholding Proportion:	Direct shareholding of 55 percent of the paid-up capital

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**LANNA POWER GENERATION CO., LTD. (REGISTERED IN THAILAND)**

Location:	888/98 Mahathun Plaza Building, 9 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Tel.: 02-252-4469, Fax: 02-255-2676
Type of Business:	Power Generation and Distribution
Registered Capital:	2,000,000 ordinary shares at Baht 5.00 per share totaling Baht 10,000,000
Paid-up Capital:	2,000,000 ordinary shares at Baht 5.00 per share totaling Baht 10,000,000
Company's Shareholding:	1,999,997 ordinary shares at Baht 5.00 per share totaling Baht 9,999,985
Shareholding Proportion:	Direct shareholding of 99.99985 percent of the paid-up capital

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**UNITED BULK SHIPPING PTE. LTD. (REGISTERED IN SINGAPORE)**

Location:	7 Temasek Boulevard #16-01, Suntec Tower One, Singapore 038987, Tel.: (65) 6305-7368, Fax: (65) 6238-1301
Type of Business:	Ocean Freight Shipping
Registered Capital:	1,000,000 ordinary shares at USD 0.71429 per share totaling USD 714,290
Paid-up Capital:	100,000 ordinary shares at USD 0.71429 per share totaling USD 71,429
Company's Shareholding:	49,000 ordinary shares at USD 0.71429 per share totaling USD 35,000
Shareholding Proportion:	Direct shareholding of 49 percent of the paid-up capital

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## SHAREHOLDERS

Major shareholders and their respective shareholding percentages as at November 4, 2019, which was the Record Date for listing the names of shareholders having right to receive the interim dividend, having details as follows:

	List of Shareholders	Number of Shares	Proportion (%)
(1)	Siam City Cement Public Co., Ltd. Group and its executives	236,733,980	45.09
(2)	Chulankul Group	68,344,300	13.02
(3)	Sirirungsi Group	42,697,781	8.13
(4)	Tantisunthorn Group	33,526,797	6.39
(5)	Limsong Group	33,355,460	6.35
(6)	Thai NVDR Co., Ltd.	9,265,840	1.77
(7)	Lerpanichayakul Group	5,957,000	1.13
(8)	BNY Mellon Nominees Limited	2,942,258	0.56
(9)	East Fourteen Limited – DFA Emerg Market Core EQ Port	1,782,450	0.34
(10)	Wongapisumpho Group	2,039,200	0.39
(11)	Other Shareholders	88,354,613	16.83
	<b>Total</b>	<b>524,999,679</b>	<b>100.00</b>

(1) The group of “Siam City Cement Public Co., Ltd.” and its executives is the largest shareholder, comprising of Siam City Cement Public Co., Ltd. and Mr. Vanchai Tosomboon holding a total of 236,733,980 shares or 45.09 percent of the paid-up capital and all shares with voting right, having three representing directors; namely, Mr. Paul Heinz Hugentobler, Mr. Siva Mahasandana, and Mr. Vanchai Tosomboon, whom are non-executives and non-authorized Directors.

(2) The “Chulankul” group is the second largest shareholder, comprising of Mr. Taweechat Chulankul and Mr. Nuttapol Chulankul, holding a total of 68,344,300 shares or 13.02 percent of the paid-up capital and being all shares with voting rights, having no representative as the director and/or executive.

(3) The “Sirirungsi” group is the third largest shareholder, comprising of Mr. Kraisi Sirirungsi and Ms. Kraikan Sirirungsi, holding a total of 42,697,781 shares or 8.13 percent of the paid-up capital and being all shares with voting right, having one representing director; namely, Mr. Kraisi Sirirungsi, whom is the Management Advisor and Company’s authorized director.

(4) The “Tantisunthorn” group is the fourth largest shareholder, comprising of Mr. Tawee Tantisunthorn, Mr. Visit Tantisunthorn, Mr. Tanat Tantisunthorn, Mr. Boonlieng Tantisunthorn, Mrs. Mullika Intusuth, Mrs. Nalineer Rattanaavadi, Mrs. Malee Tantisunthorn, Ms. Wanida Tantisunthorn, Mrs. Sumruay Tantisunthorn, Mr. Phongthai Tantisunthorn, and Ms. Siriphan Tissayakorn, holding a total of 33,526,797 shares or 6.39 percent of the paid-up capital and being all shares with voting right, having two representing directors; namely, Mr. Visit Tantisunthorn, and Mr. Tanon Tantisunthorn, whom are a non-executive and non-authorized directors.

(5) The “Limsong” group is the fifth largest shareholder, comprising of Mr. Kongphop Limsong and Gypsum Industry Co., Ltd., holding a total of 33,355,460 shares or 6.35 percent of the paid-up capital and being all shares with voting right, having one representing director; namely, Mr. Somkiart Limsong, whom is the Chairman of the Board but non-authorized director and has no relationship with the management.

(6) Thai NVDR Co., Ltd. is the sixth largest shareholder, holding a total of 9,265,840 or 1.77 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

(7) The “Lertpanichayakul” group is the seventh largest shareholder, comprising of Mrs. Phrapai Lertpanichayakul and Ms. Chotinich Lertpanichayakul, holding a total of 5,957,000 shares or 1.13 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

(8) BNY Mellon Nominees Limited is the eighth largest shareholder, holding a total of 2,942,258 shares or 0.56 percent of the paid-up capital and being all shares with voting rights, having no representative as the director and/or executive.

(9) East Fourteen Limited – DFA Emerg Market Core EQ Port is the ninth largest shareholder, holding a total of 1,782,450 shares or 0.34 percent of paid-up capital and being all shares with voting rights, having no representatives as the director and/or executive.

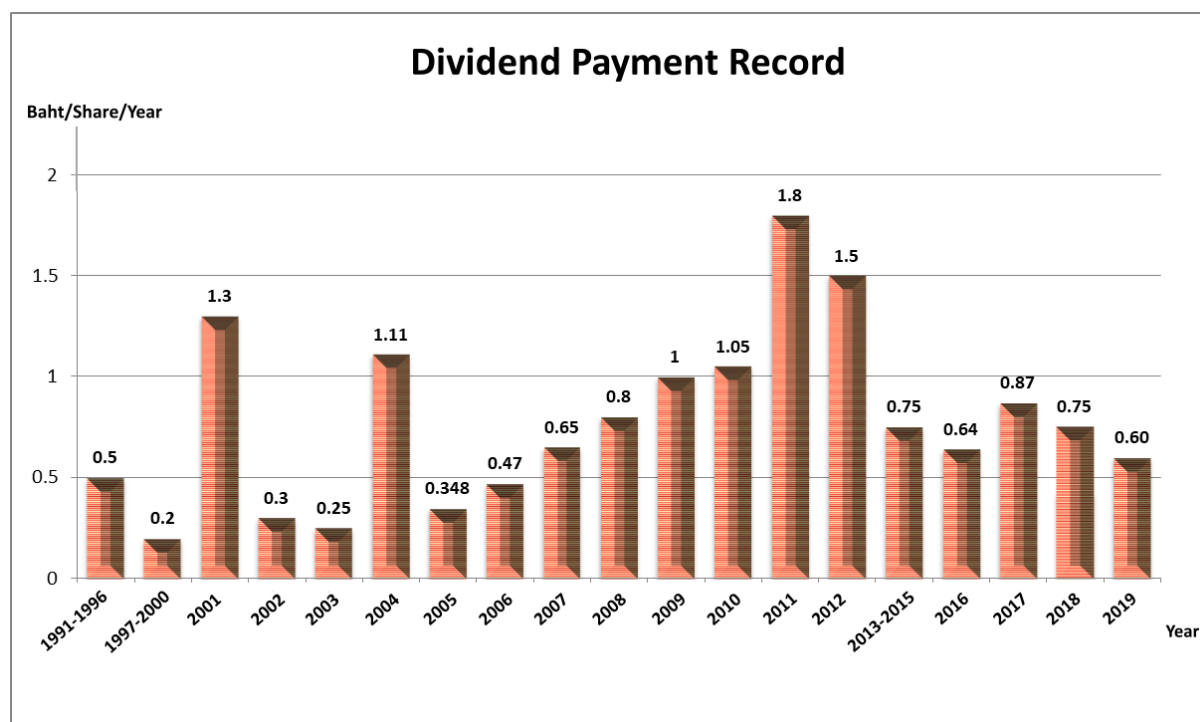
(10) The “Wongapisumpho” group is the tenth largest shareholder, comprising of Mr. Wilert Wongapisumpho and Mrs. Suwimon Wongapisumpho, holding a total of 2,039,200 shares or 0.39 percent of the paid-up capital and being all shares with voting rights, having no representative as the director and/or executive.

Investors may look at current information on the major shareholders and shareholding proportion eligible for attendance of the Annual General Meeting of Shareholders Year 2020 from the Company’s website, [www.lannar.com](http://www.lannar.com), prior to the Annual General Meeting of Shareholders Year 2020.

## DIVIDEND PAYMENT POLICY

**The Company's dividend payment policy to the shareholders:** In the case that no additional investment is required and there are no outstanding loans, the Company's dividend payment policy is not less than 60 percent of its net income according to the separate financial statements for each financial period after deduction of legal provisions and the net loss carried forward (if any).

**The dividend payment policy of the subsidiary companies to the Company:** In the case that the subsidiary company has no additional investment and no outstanding loans, the subsidiary's dividend policy payment is not less than 60 percent of its net income according to the separate financial statements for each financial period after deduction of legal provisions and the net loss carried forward (if any).



**Dividend Payment in Year 2019:** The Company's net income according to the separate financial statements was at Baht 323.90 million or Baht 0.62 per share. The Board of Directors has proposed for the appropriation of earnings for the purpose of dividend payment to the shareholders at Baht 0.60 per share or 97.25 percent of the net income according to the separate financial statements, which is in line with the Company's dividend payment policy above and higher than the dividend payment ratio of the previous year by 48.61 percent. Regardless, the appropriation of earnings for the purpose of dividend payment above is not final and still pending approval of the Annual General Meeting of Shareholders Year 2020.

Separate Financial Statements	Unit	Y2014	Y2015	Y2016	Y2017	Y2018	Y2019
Net Profit per Share	Baht/Share	0.76	0.78	0.642	1.44	1.15	0.62
Dividend per Share	Baht/Share	0.75	0.75	0.64	0.87	0.75	0.60
Dividend Payment per Net Profit	%	98.07	97.26	99.63	60.58	65.44	97.25

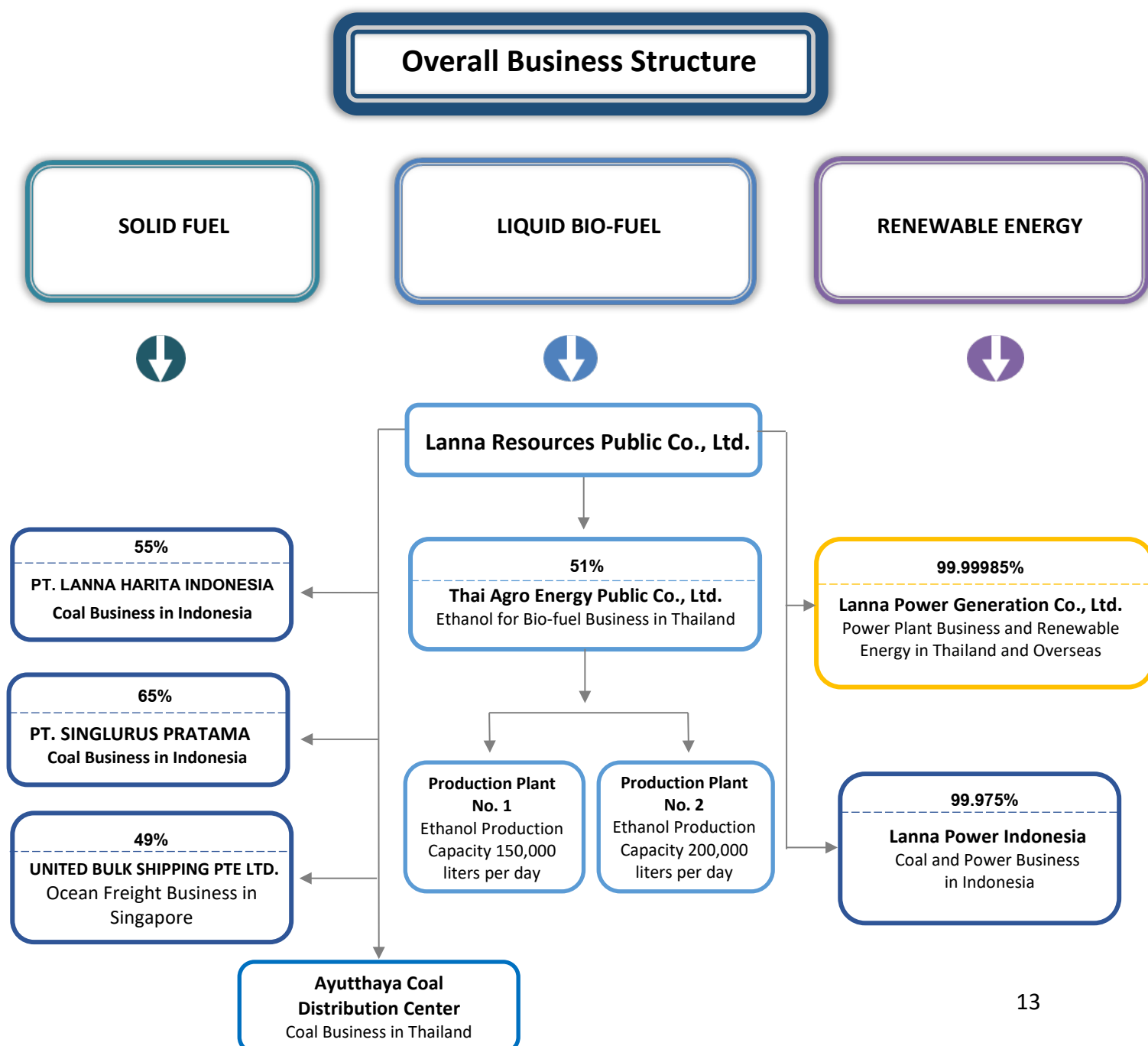
## POLICY AND OVERALL BUSINESS

The Company's business operation consists of 3 categories as follows:

(1) **Solid Fuel:** Business is in the coal production and distribution domestically and overseas, having coal mine projects located in Indonesia as its base for coal production and distribution activities. In addition, the Company has ocean freight transport service business in Singapore to effectively support and manage coal transport for distribution in the Country or delivery to other countries.

(2) **Liquid Bio-Fuel:** Business is the ethanol production and distribution used for bio-fuel purpose in the Country. The production and distribution base is located in Dan Chang District, Suphanburi Province.

(3) **Renewable Energy:** Business is the investment and service in power generation and distribution and renewable energy business with intention to invest in coal-fired power plant and other renewable energy such as power pellet production and distribution project both in Thailand and overseas, etc.



## **GOAL, VISION, CORE VALUE AND MISSION**

The Company conducts businesses and investments with focus on long-term and sustainable growth. The Goal, Vision, Core Value, Mission and Corporate Culture for Company's businesses as determined by the Board of Directors are as follows.

### **GOAL**

The Company has established strategic plan and goal to generate more revenue every year by investing in new businesses in Thailand to be able to generate revenue as much as that of overseas businesses within the next 5-10 years to create stable and sustainable growth in the future. To achieve this goal, the Company has developed a suitable plan to support the new projects and future challenges by focusing on the business model that can create value for the Company, all stakeholders and society as a whole, by bringing in and utilizing suitable and modern innovation and technology so that the Company shall have potential and competitive advantage and achieve stable and sustainable growth in the long term.

### **VISION**

To be the leading global company in coal and renewable energy businesses

### **CORE VALUE**

Production and distribution of coal and renewable energy with focus on quality, attention to community, society and environmental conservation.

### **MISSION**

- Aim to attain business operation excellence through insisting on building customer satisfaction by paying attention to recommendations as well as making self-assessment and review in order to continually develop and create the best products for a sustainable development of the Company in the future.
- Develop excellent products and services, create new innovation to continue adding values to products and services and find new ways that are utmost beneficial for the customers.
- Develop skillful human resources and acquire modern technology in order to maintain high quality and standard of products and services for shareholders, as well as to create financial returns that grow steadily and continuously in the long term.
- Adhere to the corporate social responsibility to create and develop long term sustainability for the organization and intend to fight against corruption in every form.
- Become aware of the importance of good corporate governance by adhering to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment, as well as gaining faith from all shareholders and stakeholders.

## CORPORATE CULTURE

Corporate Culture is a set of shared values that brings employees together with the aim of achieving organizational goals. Here, our corporate culture is called “Lannar Spirit”.

**LANNAR SPIRIT** is an aspiration of our employees that expresses Lanna identity. It helps define employees’ well behavior and prevent inappropriate behavior. Moreover, it is a way to pass on the corporate value to stakeholders which are shareholders, customers, clients, employees, and society.

**L-LEARNING:** We prioritize learning as the world is moving faster, becoming smaller and filled with tougher competition in all industry. We must adapt to continue on and compete with others thus learning is the best and important shortcut to news and knowledge of changes in the fast-paced world.

**A-ATTITUDE:** To stay positive. Attitude is like a pair of glasses. We see things through glasses or attitude. With positive attitude, we see positive side of things and vice versa. By having positive attitude, we have different perspective on opportunities and new experiences in life.

**N-NEVER GIVE UP:** Never give up to problems or obstacles by finding solutions or turning the situation around by creating opportunity from them.

**N-NEW IDEA:** Looking out for new ideas in workplace and trying to improve the work that we’re doing for the better work environment and better results in the future.

**A-ASPIRATION TO TEAMWORK:** To know the importance of teamwork and work together to share, to help and to achieve the goals together effectively in long term.

**R-RESPONSIBILITY:** To always take responsibility to:

- (1) Self: to know the importance of one’s role and to achieve the set goals.
- (2) Organization: to be responsible to one’s role in the organization and work together with others to grow together without creating problems and obstacles to the organization.
- (3) Society: to be responsible for society and environment and to operate business with ethics and good management for business growth with quality, stability and sustainability in long term.

Trainings and activities are continuously provided to executives and employees by the Company in order to encourage learning, raise awareness of corporate culture among employees and for employees to develop expertise in working efficiently and effectively which in the long run drives the Company’s sustainable growth.



## BUSINESS ACTIVITIES

The Company imports coal from the joint venture coal mining projects and from other sources in Indonesia for distribution in Thailand by either direct delivery and for inventory and processing before delivery to the customers at Ayutthaya Coal Distribution Center, located in Nakornluang District, Ayutthaya Province on an area of 31 rai and 29 square wah, which can support over 200,000 tons of coal inventory. The Company's domestic coal market share in 2019 was approximately 5.4 percent of the amount of coal used in the industrial sector, excluding coal used for electricity production of independent power producer (IPP) and small power producer (SPP). The majority of domestic coal consumption in 2019 was mainly by cement industry at approximately 41 percent with the remaining 59 percent by electricity production and other industries, which excludes electricity production from the Electricity Generating Authority of Thailand (EGAT). It is expected that the consumption of coal, with lower cost per heat unit than other types of fuel, will continue to increase in the future.

### Overseas Coal Business

For more than 18 years, the Company has invested in joint venture coal mining projects in Indonesia, of which coal is imported for distribution to the domestic customers and exported to other countries especially in the Asia region market, such as India, Japan, South Korea, Taiwan and Hong Kong, etc. Coal produced by the Company has good quality with reputable brand and trusted by both domestic and overseas customers. The Company is one of the highly regarded and reliable coal companies in the Asia region.

**PT. Lanna Harita Indonesia ("LHI")**, a subsidiary company registered in Indonesia with Lanna Resources Public Co., Ltd. directly holds shares at 55 percent of the paid-up capital, conducts coal mining business operation in Samarinda district, Kutai Regency, in East Kalimantan, having received the coal mining concession (Coal Contract of Work) from the Indonesian Government for coal production and distribution for a period of 30 years (from 2001 to 2031). The remaining coal reserves are estimated at 25 million metric tons. Currently, the production capacity is approximately 3.5 million metric tons per year.

**PT. Singlurus Pratama ("SGP")**, a subsidiary company registered in Indonesia, with Lanna Resources Public Co., Ltd. directly holds shares at 65 percent of the paid-up capital, conducts coal mining business operation in Kutai Regency, East Kalimantan, having received the coal mining concession (Coal Contract of Work) from the Indonesian Government for coal production and distribution for a period of 30 years (from 2009 to 2039). The remaining coal reserves are estimated at 50 million metric tons. Currently, the production capacity is approximately 3 million metric tons per year. At present, SGP has developed a new coal deposit (Argosari Block or "AG") within the coal concession area of SGP by constructing a hauling road and the port and jetty, including coal processing plant and stockyard areas, having coal stockpile capacity of 140,000 metric tons, and there is also a 1.70-km long conveyor belt extending from the port to jetty at the sea. The production and distribution of coal from AG Block has started since January 2020, and the plan is to produce and sell coal from AG Block of approximately 2-3 million metric tons per year. Coal produced from AG Block has a good quality coal with relatively high calorific value of 4,600-5,000 Kcal/Kg (GAR) and low sulphur value, which should be easily marketable and earns good profit margin

**United Bulk Shipping Pte. Ltd.**, an associated company registered in Singapore, with Lanna Resources Public Co., Ltd. directly holds shares at 49 percent of the paid-up capital, has been established to undertake business in ocean freight transport and coal trading, which has effectively managed coal transport services for imported coal into Thailand and coal distribution to other countries at reasonable costs.

## **Ethanol Business for Bio-Fuel Purpose**

**Thai Agro Energy Public Co., Ltd.**, a subsidiary company registered in Thailand with Lanna Resources Public Company Limited directly holds shares at 51 percent of the paid-up capital, conducts business in the production and distribution of ethanol (99.5% anhydrous alcohol by volume) for bio-fuel purpose. Thai Agro Energy Public Co., Ltd. has two ethanol production plants operating in Dan Chang District, Suphanburi Province consisting of the Production Line No. 1 with a production capacity of 150,000 liters per day and the Production Line No. 2 with a production capacity of 200,000 liters per day, totaling 350,000 liters per day, utilizing molasses and cassava as main raw materials. Both ethanol plants have received investment privileges under the Investment Promotion Act B.E. 2520. Ethanol is a clean fuel used for blending with gasoline at 10, 20 and 85 percent to become gasohol, namely E10, E20 or E85, that can be used by automobiles in general. Additionally, the ordinary shares of Thai Agro Energy Public Company Limited have been listed in the Stock Exchange of Thailand and security trading has started since June 5, 2014.

## **Power Business and Renewable Energy**

**Lanna Power Generation Co., Ltd.**, a subsidiary company registered in Thailand with Lanna Resources Public Co., Ltd. holding shares at 99.99985 percent of the paid-up capital, having objectives to study and prepare for an investment in coal-fired power plant business both domestically and overseas.

**PT Lanna Power Indonesia (“LPI”)**, a subsidiary company registered in Indonesia, with Lanna Resources Public Co., Ltd. directly holds shares at 99.975 percent of the paid-up capital, formerly PT. Lanna Mining Services (“LMS”), which had conducted coal trading business by importing coal for further selling to customers, but LMS has changed its name to PT. Lanna Power Indonesia (“LPI”) to be in line with the new business of power plant and renewable energy in Indonesia in the future, having primary objective to submit tender for coal-fired power plant projects in Indonesia, by which Lanna Resources Public Co., Ltd. and its subsidiary companies have potential to invest in such project, by having its own coal concessions and there is a possibility to have LPI listed in the Stock Exchange of Indonesia in the future.

## REVENUE STRUCTURE

Company's Revenue Structure	Year 2017		Year 2018		Year 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Coal Sales	9,609.67	79.19	9,839.13	78.25	<b>6,719.81</b>	<b>71.82</b>
Revenues from Ethanol Sales	2,470.52	20.36	2,696.08	21.44	<b>2,534.00</b>	<b>27.08</b>
Other Revenues	55.44	0.45	38.19	0.31	<b>103.30</b>	<b>1.10</b>
<b>Total Revenue</b>	<b>12,135.63</b>	<b>100.00</b>	<b>12,573.40</b>	<b>100.00</b>	<b>9,357.11</b>	<b>100.00</b>

Revenue Structure of Subsidiary and Associated Companies	Direct and Indirect Shareholding %	Year 2017		Year 2018		Year 2019	
		Million Baht	%	Million Baht	%	Million Baht	%
<b>Thai Agro Energy Public Co., Ltd.</b>	<b>51</b>						
Ethanol Sales Revenue		2,470.52	99.91	2,696.08	99.93	<b>2,534.00</b>	<b>98.32</b>
Other Revenues		2.24	0.09	1.78	0.07	<b>43.22</b>	<b>1.68</b>
<b>Total Revenue</b>		<b>2,472.76</b>	<b>100.00</b>	<b>2,697.85</b>	<b>100.00</b>	<b>2,577.22</b>	<b>100.00</b>
<b>PT. Singlurus Pratama</b>	<b>65</b>						
Coal Sales Revenue		3,173.15	99.95	4,057.40	99.96	<b>2,450.61</b>	<b>98.98</b>
Other Revenues		1.59	0.05	1.56	0.04	<b>25.32</b>	<b>1.02</b>
<b>Total Revenue</b>		<b>3,174.74</b>	<b>100.00</b>	<b>4,058.96</b>	<b>100.00</b>	<b>2,475.93</b>	<b>100.00</b>
<b>PT. Lanna Harita Indonesia</b>	<b>55</b>						
Coal Sales Revenue		4,572.19	99.45	4,480.36	99.68	<b>3,390.37</b>	<b>99.33</b>
Other Revenues		25.11	0.55	14.23	0.32	<b>22.97</b>	<b>0.67</b>
<b>Total Revenue</b>		<b>4,597.30</b>	<b>100.00</b>	<b>4,494.59</b>	<b>100.00</b>	<b>3,413.34</b>	<b>100.00</b>
<b>PT. Lanna Power Indonesia</b>	<b>99.975</b>						
Coal Sales Revenue		68.05	90.61	-	-	-	-
Other Revenues		7.05	9.39	7.74	100.00	<b>5.01</b>	<b>100.00</b>
<b>Total Revenue</b>		<b>75.10</b>	<b>100.00</b>	<b>7.74</b>	<b>100.00</b>	<b>5.01</b>	<b>100.00</b>
<b>United Bulk Shipping Pte. Ltd.</b>	<b>49</b>						
Ocean Freight Shipping and Coal Trading Revenue		1,017.93	99.94	595.09	100.00	<b>187.65</b>	<b>99.97</b>
Other Revenues		0.63	0.06	-	-	<b>0.06</b>	<b>0.03</b>
<b>Total Revenue</b>		<b>1,018.56</b>	<b>100.00</b>	<b>595.09</b>	<b>100.00</b>	<b>187.71</b>	<b>100.00</b>
<b>Lanna Power Generation Co., Ltd.</b>	<b>99.99985</b>						
Other Revenues		0.05	100.00	0.09	100.00	<b>0.06</b>	<b>100.00</b>

## **SIGNIFICANT CHANGES IN THE PAST YEAR**

### **Lanna Resources Public Co., Ltd. (“LANNA”)**

**December 27, 2019** : LANNA has signed an agreement to extend the investment period in coal mining concession of PT. Pesona Khatulistiwa Nusantara (“PKN”) until March 30, 2020 in order for LANNA to conduct a complete and definite due diligence of information on the project. Accordingly, LANNA had entered into the Conditional Share Subscription Agreement or “CSSA” with PKN and the shareholders of PKN on March 8, 2018 to invest in new coal mining concession project in Indonesia of PKN in a proportion of 40 percent of the paid-up capital for a total investment of USD 26 million. PKN has been granted the 3<sup>rd</sup> Generation Coal Contract of Work from the Government of Indonesia with a concession period of 30 years from 2009 to 2039 with remaining coal reserves of approximately 47 million metric tons, with coal mine concession located in Bulungan Regency, North Kalimantan, Indonesia. The coal concession of PKN has already been in operation of coal production and distribution, which is ready to generate revenue and profit for LANNA.

### **PT. Lanna Power Indonesia (“LPI”) (Formerly PT. Lanna Mining Services or “LMS”)**

**July 17, 2019** : LPI is a subsidiary company in Indonesia, which LANNA directly and indirectly holds 99.975 percent of the paid-up capital, with approval from the Ministry of Law and Human Rights (“MLHR”) of Indonesia to change the company’s name to PT. Lanna Power Indonesia (“LPI”) on July 17, 2019 in order to be in line with the business operations in power and renewable energy in Indonesia.

## COAL BUSINESS

### Coal Characteristics

Coal is a fossil fuel, consisting of volatile matter, inherent moisture and important combustible mixture of carbon. After combustion with the volatile matter and inherent moisture driven out, small portion of coal ash remains. Coal is found in various forms or grades based on the contents of heating or calorific value, volatile matter and fixed carbon, representing in descending order of quality in 4 groups from (1) anthracite, (2) bituminous, (3) sub-bituminous, and (4) lignite. The indigenous coal deposits in that have been explored and extensively developed for local industries in Thailand are generally of lignite grade. Imported coal is mostly of bituminous grade which contains higher calorific value than lignite coal produced in Thailand.

The price of coal is usually determined based on the quality of coal, consisting of calorific value, moisture, volatile matter, fixed carbon, ash, sulfur and size.

### Coal Production

Coal is formed in several stages from plant remains that have been compacted, hardened, chemically altered and metamorphosed by heat and pressure over millions of years. Therefore, in order to develop a coal mine, coal exploration works are required for the collection and interpretation of geological data in order to learn about the thickness of coal seams, boundary areas of the coal resource, chemical content and quality, and economic reserve estimation. The development of coal deposit is generally based on the information and data obtained from these exploration programs. Accordingly, the production of coal consists of following three major steps:

**(1) Coal Exploration:** The exploration program begins with the preliminary collection and analysis of the land surface and geological data at the target areas. Subsequently, fieldwork includes scout drilling to study the formation and type of soil and rock, and geological structure of the target areas to ascertain that there exists the coal deposit with further assessment of coal quality and reserve estimation for economic analysis to facilitate a decision for further development of the coal mine.

**(2) Coal Mining:** Before proceeding with coal mining operation, more detail drilling activities are required to collect and interpret necessary information and data of the mining areas; such as, coal reserves and quality for each of the coal seam formations including soil layers. The collected data and information will be used to determine the mine master plan which includes the analysis of mining costs and mining methods, as well as the quantity and areas for overburden removal and coal winning logistics, and also selection of suitable mining equipment and machinery.

**(3) Coal Dressing:** In order to attain the quality as required by the users or customers, coal extracted from the coal mining operation need to go through coal dressing process which includes crushing, sizing, sorting and washing to remove any contaminations, etc.

### Coal Pricing Policy

Coal pricing is mainly determined by its heating value, similar to other type of fuels. Coal sale price for each customer varies depending on certain factors such as order volume, coal specifications such as calorific value, credit term and other conditions specified by the customer. These factors shall be used to determine the coal price fairly and similarly with all the customers. The price for imported coal is based on the agreement with each customer which can either be priced on FOB or CIF basis, or priced as delivered to the customer's factory, etc.

### Coal Distribution

For coal distribution in the domestic market, the Company directly sells coal directly to customers without going through agent. As for the overseas market, coal are sold directly to the customers or through coal trading agents, mostly on the credit term basis, of which the Company carefully provides credit terms only for the long time customers with stable financial status. For new customers, the Company protects the risk by having a letter of credit (L/C) opened by the customer. Since the start of operation in 1985, the Company has encountered very few bad debts from the sales of coal.

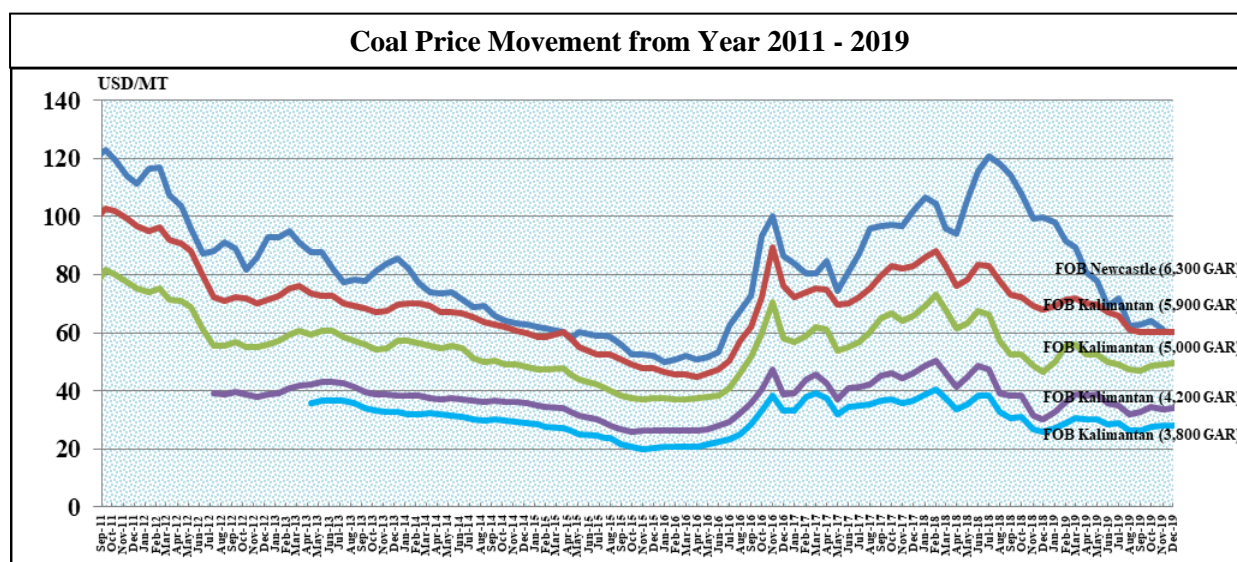
## Competitive Strategy

The Company focuses mainly on the service and quality control of the coal products as its marketing strategy rather than relying on pricing strategy. In addition, the Company has continually developed ways to produce high quality coal by bringing in modern technology for continuing improvement of coal production and operation.

## Competition

The domestic coal distribution business has been recognized as an oligopoly market with only a few numbers of operators, having group of large and small industrial customers with the major competitor is Banpu Public Co., Ltd. Nevertheless, since the Company has its own coal mines with high quality coal and decades of mineable reserves, therefore possesses sufficient competitive advantage and business potential.

## Industrial Trend



Coal is the main fuel in electricity generation and can be used as a substitute for almost every kind of fuel depending mainly on the convenience of utilization and demand on heating energy. Additionally, coal reserves are higher than other types of fossil fuel. The trend of coal consumption is still growing as the price of oil and other sources of fuel are still significantly more expensive and experience more price volatility than coal. Nonetheless, coal prices had been declining significantly since year 2011 to the lowest level in 2016 in accordance with the world economy, subsequently, coal price was recovered during the second half of 2016 and climbed up to the highest level in over five years by the end of 2016 and continued to stay at a high level until the middle of 2018 before starting to decline until present as global economy began to slow down. Additionally, the Indonesian Government policy has become more stringent, especially on the Domestic Obligation Market policy, which stipulates higher portion of coal supply to the domestic consumers with lower selling price than that of export. As a result, the average coal price in 2019 was much lower than the previous year.

Despite the fact that coal market has been affected by the trade war and global industrial changes, as with other industries; nonetheless, coal fuel is a fundamental factor in the production of electricity with the lowest cost, therefore, many countries still rely on energy from coal, especially in Asian countries such as China, India, and Southeast Asian countries including Japan, South Korea, Vietnam, Malaysia and the Philippines, as there is a tendency for increasing demand of imported coal to use in coal-fired power plants that the construction have been recently completed and there are many other coal-fired power plants still under construction, except for the European region where coal usage has declined significantly. Nevertheless, the Company with subsidiary companies operating coal mining business in Indonesia should benefit from geographical advantage of Indonesia since many countries still rely on coal imports from Indonesia, while coal consumption in Indonesia also tends to increase as well. The overall energy consumption from coal is still increasing, although the proportion of coal usage has been reduced as compared to the overall energy production, especially renewable energy, being promoted to replace fossil fuels. It is expected that coal price will still fluctuate in high level according to the market conditions, global economic slowdown and impact of various incidents, including restrictions on coal production and coal supply in the world market.

## ETHANOL-FOR-FUEL BUSINESS

Ethanol, also known as ethyl alcohol is an alcohol derived from the processing of agricultural products of starch and sugar crops such as cassava, sugarcane, molasses and corn, etc., derived from digestion of starch to sugar (in case of starch raw material), and fermentation to convert sugar to alcohol; and then followed by distillation and dehydration to produce alcohol at the desired purity, up to 99.5% by volume.

The molecular formula of ethanol is  $C_2H_5OH$  with a boiling point at around  $78^{\circ}C$ . In general, its properties are transparent liquid, colorless, flammable, and high octane fuel, which can be blended with gasoline at an appropriate amount to produce a clean and complete combustible fuel and reduce air pollution with less formation of hydrocarbon compound, carbon monoxide (CO) and carbon dioxide ( $CO_2$ ), which is the main cause of greenhouse effect in the atmosphere.

### Production of Ethanol for Fuel

Thai Agro Energy Public Co., Ltd. ("TAE"), a subsidiary company, produces ethanol for fuel by using molasses and cassava as its main raw material. The ethanol production process consists of four main stages as follows:

**(1) Mash Preparation:** each type of raw material requires different processes as follows:

**(a) Molasses:** Preparation of molasses before fermentation by dilution with water for suitable concentration and added with acidic additive, causing organic substance or salt to settle from the molasses solvent.

**(b) Cassavas:** Prior fermentation, cassavas are cleaned to eliminate contaminants including metal and dirt. Subsequently, clean cassavas are mashed and mixed with water to make starch paste, then to be digested with enzyme, converting starch to sugar, before proceeding to fermentation.

**(2) Fermentation:** Solvent from the first stage is fed to fermentation tanks with yeast being added to convert sugar into alcohol.

**(3) Distillation:** Fermentation mash from the second stage is fed to the distillation column to separate contaminants and water producing about 96 percent pure alcohol which is the maximum concentration that can be achieved through this normal fermentation process. The remaining 4 percent of water shall be removed by the final stage.

**(4) Dehydration:** The water removal process for producing the dehydrated alcohol from the distillation process into 99.5 percent pure alcohol. Water content is absorbed by zeolites molecular sieves in two dehydration units. The dehydrated alcohol will then be distilled and cooled down before being stored for further distribution.

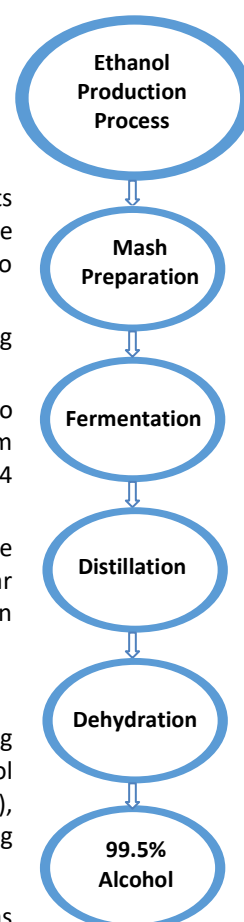
### Ethanol Pricing Policy

The Energy Policy Council (EPC) has approved the reference ethanol pricing by comparing the lowest prices between the ethanol price as reported to the Excise Department by ethanol producers and the ethanol price as reported to the Energy Policy and Planning Office (EPPO), Ministry of Energy, by Section 7 traders under the Fuel Trade Act B.E. 2543. The reference pricing was to be effective from December 2015 onwards.

The determination of ethanol selling price is based on cost-plus-margin basis, as well as other factors, including, ethanol raw material price, supply and demand, and domestic and international competition.

### Ethanol Sales and Distribution Channels

In compliance with the regulation of the Excise Department, the ethanol product sold to oil companies must undergo denaturation process, in which ethanol of at least 99.5 percent by volume is mixed with gasoline or gasohol of 0.5 percent by volume. The result is denatured ethanol that can be sold to oil companies according to Section 7 of Fuel Trade Act B.E. 2543. The denatured ethanol purchased by the oil companies is then blended with gasoline at 10, 20 or 85 percent to become the Gasohol E10, E20 or E85. While most customers are responsible for the transportation of ethanol, in some cases the sellers are responsible for the transportation to the storages of a few other customers. Most of the sales are on credit term basis, and the customers are large oil companies with stable financial status. Therefore, there is no risk of customers not paying debt in the future.





## Competitive Strategy

Priorities are to given to service and quality control of the products which have earned customers' trust, making it possible to retain majority of the market share.

## Ethanol Industrial Trend

Ethanol consumption demand in year 2019 averaged at 4.43 million liters per day, which was lower than the target in accordance with the Alternative Energy Development Plan B.E. 2558-2579 that had projected the ethanol consumption in 2019 at 5.09 million liters per day. Nonetheless, ethanol demand in 2019 increased from year 2018 by about 5.47 percent as global oil price was still at low level with the average price at USD 63 per barrel, as well as, new registered personal cars increased in 2019 by about 24,000 cars or 3.51 percent from the previous year 2018 due to the Government policy promotion and support in determining fuel price structure.

While the consumption of gasohol in the Country has continued to increase significantly from 21.94 million liters per day in 2017 to 31.24 million liters per day in 2019 or compound annual growth rate (CAGR) of 7.32 percent per year as new cars are able to use higher ethanol content in the gasohol. In addition, retail prices of gasoline are still relatively at low level and the consumption and sale of E20 and E85 gasohol, which have higher ethanol content, have continued to increase due to support from the Government sector by increasing the difference in prices of E10 and E20 gasohol and compensation from oil fund, as well as, new type of cars can use higher ethanol content gasoline.

## Market Share of Ethanol Business

Year	Domestic Ethanol Consumption (Million Liters)	Denatured Ethanol Sales Volume of TAE (Million Liters)	Market Share of TAE (%)
2013	941.75	67.06	7.12
2014	1,179.63	97.80	8.29
2015	1,273.08	104.30	8.19
2016	1,334.91	105.92	7.93
2017	1,435.18	98.09	6.83
2018	1,532.65	115.83	7.56
2019	1,629.90	117.02	7.18

**Remark:** TAE's market share decreased to 6.83 percent in year 2017 was due to the flood incident in the 4<sup>th</sup> quarter of 2017, resulting in the temporary halt of ethanol production and distribution for more than 2 months to resolve such problem.

## INVESTMENT IN POWER PLANT AND RENEWABLE ENERGY BUSINESS

The Company has established diversified business strategies and investment plans for the Company to grow in quality, stability and sustainability in the long term, which the Company has two coal mining concessions in Indonesia and in the process of investing in the 3<sup>rd</sup> coal mining concession with the remaining concession for several decades with quality coal reserves that is sufficient to use as fuel for coal-fired power plant. Indonesia currently has insufficient electricity to meet the needs of the population which continues to grow, together with the expansion of Indonesian economy every year, by which the Indonesian government had planned to increase 56.024 gigawatts to its power generation capacity within 2027 with a proportion of 54.4 percent that will use coal as fuel for electricity generation, which will be invested by State Electricity Company of Indonesia (“Perusahaan Listrik Negara Electricity Company or PLN”) and provides opportunity for private sector or Independent Power Producer (“IPP”) to make a direct offer or direct appointment. The Company and its subsidiary companies certainly have potential to invest in coal-fired power plant projects, thereby, having established Lanna Power Generation Co., Ltd. (“LPG”), a subsidiary company registered in Thailand, and PT. Power Indonesia (“LPI”), a subsidiary company registered in Indonesia, to conduct feasibility studies and prepare to invest in coal-fired power plant project and renewable energy both in Thailand and overseas, having primary objective to submit tender for coal-fired power plant projects in Indonesia and also aims to expand the investment in power plant business both in Thailand and other countries.

The Company has discussed and negotiated with other companies with expertise in power plant business and recently entered into Memorandum of Understanding (“MOU”) with PT. Indonesia Power, a state-owned enterprise in Indonesia, for joint-investment in coal-fired power plant project and other related businesses, having studied and prepared for a joint venture in the mine-mouth coal-fired power plant project of 55 megawatts, as well as preparing for a tender process of the mine-mouth coal-fired power plant project of 200 megawatts.

For the investment in power plant business in Thailand, a consortium is interested to participate in a tender process of coal procurement project for coal-fired power plant of the Electricity Generating Authority of Thailand (“EGAT”), which has been selected in the pre-qualification process, and also ready to consider an investment in coal-fired power plant project or other renewable energy in Thailand, such as municipal solid waste to energy project in the provincial area, etc., which is a potential investment project in the future since the government actively promotes and supports.

In addition, as the renewable energy business continues to expand, especially in solar and biomass, the Company has planned and set goal to invest in renewable energy project both domestically and overseas, such as electricity generation from solar power, including biomass and biogas, as well as wood pellet, etc. The Company is conducting a feasibility study on the investment in wood pellet production and distribution project, both the completed construction project (Brownfield Projects) and the new project not yet under construction (Greenfield Projects) since Wood Pellet is a renewable energy with good business prospects and can substitute for coal used with steam boilers in industrial plants or small and medium-sized power plants in Japan, Korea and EU countries, by which the demand of wood pellet should continue to increase in the future. The Company will focus on an investment in ASEAN countries including Thailand, Vietnam and Indonesia, as these countries have potential and sufficient wood raw materials, expecting good return from its investments in such renewable energy in correspondence with the Company’s business strategy to generate more revenue and profit in the future.

## FINANCIAL INFORMATION

Details	Consolidated Financial Statements			Separate Financial Statements		
	Y2017	Y2018	Y2019	Y2017	Y2018	Y2019
<b>Financial Status</b> (Unit: Million Baht)						
Total Assets	8,775	9,646	9,735	2,661	2,779	2,770
Total Liabilities	2,967	3,730	3,755	112	113	99
Total Shareholders' Equity	5,808	5,916	5,981	2,549	2,666	2,670
Issued and Paid-up Capital	525	525	525	525	525	525
<b>Operating Results</b> (Unit: Million Baht)						
Total Revenue	12,136	12,573	9,357	2,882	2,230	1,479
Sales Revenue	12,080	12,535	9,254	2,108	1,550	1,139
Gross Earnings	4,232	4,267	3,166	368	334	306
EBITDA (Earnings before interest, tax, depreciation & amortization)	2,521	2,291	1,760	863	765	398
Net Profit	643	601	421	754	602	324
<b>Share Information</b> (Unit: Baht per Share)						
Book Value per Share	8.10	8.31	8.31	4.86	5.08	5.09
Net Earnings per Share	1.22	1.14	0.80	1.44	1.15	0.62
Dividend per Share	0.87	0.75	0.60	0.87	0.75	0.60
<b>Liquidity Ratio</b>						
Current Ratio (times)	1.85	1.61	1.61	18.74	14.91	22.46
Quick Current Ratio (times)	1.35	0.87	0.67	15.62	11.92	15.90
Accounts Receivable Turnover Ratio (times)	13.34	10.77	10.48	11.36	9.18	8.18
Average Debt Collection Period (days)	27	33	34	32	39	44
Inventory Turnover Ratio (times)	18.40	21.69	11.08	8.43	7.57	6.01
Average Selling Period (days)	20	17	32	43	48	60
Accounts Payable Turnover Ratio (times)	18.16	17.21	13.08	19.73	29.72	24.66
Average Debt Payment Period (days)	20	21	28	18	12	15
Cash Cycle (days)	27	29	38	57	75	89
<b>Profitability Ratio</b>						
Gross Profit Margin (%)	35.03	34.04	34.21	17.48	21.53	26.89
EBITDA Margin (%)	20.78	18.22	18.81	29.95	34.31	26.93
Net Profit Margin (%)	9.33	8.33	8.46	26.16	26.98	21.90
Return on Equity (%)	15.35	13.94	9.64	32.04	23.07	12.14
<b>Efficiency Ratio</b>						
Return on Total Assets (%)	13.08	11.38	8.16	30.13	22.12	11.68
Return on Fixed Assets (%)	49.98	45.83	34.92	242.00	186.02	81.79
Assets Turnover Ratio (times)	1.40	1.37	0.97	1.15	0.82	0.53
<b>Financial Policy Ratio</b>						
Debt to Equity Ratio (times)	0.51	0.63	0.63	0.04	0.04	0.04
Interest Coverage Ratio (times)	52.01	25.11	19.81	N/A	N/A	N/A
Dividend Payment Ratio (%)	71.08	65.55	93.62	60.58	65.44	97.25

## RISK FACTORS

The Risk Management Committee has managed risks by assessing key risk factors and considering risk factors that may possibly impact the business operations in the future with prudence and carefulness in all aspects, by analyzing and assessing risks continuously in order to manage risks in line with organization's goals and strategic plans, including supervising, improving, establishing risk prevention measure and monitoring to have the effective risk management system in order to minimize the risks and mitigate their impacts and made efforts to reduce unpredictability of the overall operations to ensure that the Company has a concise and appropriate risk management framework according to the good corporate governance.

### Risks in Coal Mining Business

The Risk Management Committee focuses on revenue and cost of sales management, by having the Management plans to produce and distribute coal in correspondence with the fluctuation of global coal prices, and on foreign currency exchange management to ensure that the Company and its subsidiary companies have good profitability. The significant risk management in year 2019 can be summarized as follows:

**(1) Coal Mining Operation Risk:** Subsidiary companies having been granted coal mining concessions (Coal Contract of Work) from the Indonesian government. The Company thoroughly conducts proper exploration and assessment activities of the coal deposits to ensure adequate coal reserves for mining. The results of such exploration and assessment are the basis for designing pit design and preparing mine master plan. Risks associated with coal mining operation are mainly from natural occurrences, particularly for the coal deposits in Indonesia which experience heavy rain each year, hampering and delaying coal production and delivery. Accordingly, in order to mitigate such risks, the Company has established policy for the coal operation departments to adequately keep inventory of the finished coals for distribution according to the obligations in the advance coal sale agreements.

**(2) Coal Price Fluctuation Risk:** Coal prices tend to fluctuate similarly to other types of fuel, depending on market demand and supply with several factors affecting coal prices. Coal prices in year 2019 have been continuously decreased, regardless, coal production and sales plans are regularly updated in line with market conditions and the fluctuation of global coal prices, with the Company and subsidiary companies closely monitor and assess the coal market conditions and price trends in order to determine appropriate timing of coal sale and purchase agreement negotiation with customers. The price is also index-linked corresponding to the market and product mix is adjusted for higher selling price and good profit margin. In this regard, the operating results of coal business in year 2019 decreased from the previous year due to the continuously decreasing coal prices in global market, which is an uncontrollable external factor.

**(3) Risk in Coal Delivery:** The risk is mostly from delayed coal delivery to customers and vessel demurrage incurred, which is mostly from unforeseen incidents, for example, heavy rain preventing coal production according to the plan. Close communication between sales department and production department, and information tracking system are put in place in order to determine the production capacity, quality, and coal inventory at all time, allowing preemptive change of production and delivery plans.

**(4) Risk from being Dependent on Coal Sales to the Major Customers:** In 2019, the subsidiary companies in Indonesia have been able to find new customers without having to depend on any specific customer. Additionally, with price of coal lower than other types of fuel, many industrial operators increasingly switch to coal for their source of energy every year, creating more demand to support new customers to distribute the risk to a minimum.

**(5) Risk from Customers' Default on Coal Payment:** While most domestic coal sales are sold with credit, coal sales of the subsidiary companies in Indonesia require a letter of credit (L/C) before coal delivery. Nonetheless, credit terms are only extended to quality customers. The Company has established the Credit Committee for consideration of credit terms for the customers to carefully screen any credit sales.

**(6) Fuel Product Substitutes Risk:** Comparing the price per heat unit with other substituted fuels, such as fuel oil, diesel oil, and natural gas, the price per heat unit of coal is still significantly lower. Therefore, the risk from fuel product substitutes is still considered low.

**(7) Coal Reserve Risk:** In order to mitigate the risk concerning coal reserve depletion, the Company has established a policy for the acquisition of additional coal deposits to increase coal reserves or to extend the mine life. Moreover, operational audit is performed to ensure that the mine design and ongoing coal production process are consistent with the geographic regions and ore deposits orientation. This is to warrant that every process of the production is of international standards and highly effective, allowing complete commercial utilization of coal reserves, according to the Australasian Code for Reporting Mineral Standards (“Joint Ore Reserves Committee Code”).

**(8) Risk from Mining Contractors’ Operation:** The subsidiary companies hire mining contractors for coal mine operations, therefore, if the mining contractors could not perform their operation as planned, for example, procurement of machinery not according to the plan or inadequate maintenance or labor problems, there would be adverse impact to the coal production and distribution of the Company and the subsidiary companies. Accordingly, in order to prevent such risk, only reliable and experienced mining contractors with good work performance history are hired. The mining contracts entered with more than one contractor with long term contract to ensure that the contractors have sufficient work for their capital acquisition for machinery purchase and working capital. Additionally, the operation of contractors is closely monitored, and a weekly meeting is held together with each contractor with the cooperation of all departments in the Company and the contractors to find ways to prevent problems that might occur.

**(9) Safety and Environmental Risk:** The Company and subsidiary companies are aware of the responsibility to the community, society, and environment. Coal operations of the subsidiary companies must adhere to the mine plan and environmental impact analysis report, which have been approved by the authorities. The mined out land must be rehabilitated for improvement of environment, surrounding and ecology system with plantation of trees which are nature conservation and improvement of surrounding land for several activities such as agricultural area, water reservoirs, residential area, etc. Both subsidiary companies operating coal mines in Indonesia have received environmental and safety-related awards and recognitions during year 2019 due to their good environmental and safety management as required by the laws. As for the Ayutthaya Coal Distribution Center at Ayutthaya Province, which is the domestic operator, has taken care of the community, society and environment by planting trees around the area and constructing a permanent wind break, as well as installing high pressure sprinklers to spray water around the coal stockpile and hauling road areas. Wastewater is channeled into the sediment pond so that the sediment will not flow into the public river. Coal hauling trucks are covered with canvases and wheels and tires are cleaned by driving into the water well so to protect them from carrying any scraps onto the public road. Monitoring of air, water, and noise quality are regularly conducted. Moreover, a close system of large silos has been constructed for coal storage that effectively minimizes dust dispersion. The Ayutthaya Coal Distribution Center has been upgraded and developed into eco-industrial level 2 and 3, and awarded with the Corporate Social Responsibility Department of Industrial Works (CSR-DIW CONTINUOUS AWARD 2019) from the Ministry of Industry and has been granted the Green Industry Accreditation (Green System) in 2019.

**(10) Risk in the Compliance with the Regulations and Relevant Laws:** The Company and subsidiary companies place emphasis on the compliance with the regulations and relevant laws both inside and outside the country with the awareness of the impact on operations and reputation of the Company and its subsidiary companies by having the executives to closely monitor and coordinate with related agencies to keep up with the changes in policies, rules, regulations and laws, including hiring legal advisors to interpret and establish guidelines to ensure strict compliance with the laws.

**(11) Anti-Corruption Risk:** The Company places emphasis on anti-corruption policy by establishing strong anti-corruption policy for Lanna Corporate Group, by which self-assessment has been conducted on the corruption risk with all departments having to improve the rules and regulations relating to daily operations to cover such risks in a concise and adequate manner.

**(12) Risk from Compliance with Loan Agreements:** PT. Singlurus Pratama (“SGP”), a subsidiary company in Indonesia, has a long-term loan (Investment Credit) by mortgaging land and machinery as collateral as specified by the lender bank to use for the development and expansion of coal mine concession area by constructing hauling road, port and jetty, coal processing plant and stockyard area, which was completed at the end of the past year 2019. In addition, PT. Lanna Harita Indonesia (“LHI”) and PT. Singlurus Pratama (“SGP”), the subsidiary companies in Indonesia, have taken out a short-term loan as bank of purchasing line for business operation, by which both companies have complied with the terms and conditions of the loan agreements correctly without any default.

### **Risks in Ethanol Business**

Thai Agro Energy Public Co., Ltd. (“TAE”), a subsidiary company in Thailand, conducts its business in the production and distribution of ethanol-for-fuel for blending with the gasoline at different proportions to become the Gasohol for use in automobiles, namely, E10, E20, and E85. TAE is the midstream sector which is not upstream or downstream industry, therefore, the importance of risk management is in the procurement of raw materials, which is the upstream industry, such as molasses, etc., including the use of biogas which is a main fuel, both are the major costs in ethanol production affecting profitability. The significant risk management in year 2019 can be summarized as follows:

**(1) Risk from Procurement of Main Raw Materials:** Molasses, which is agricultural product, is the main raw materials used to produce ethanol of TAE, contributing more than 80 percent to the overall ethanol production cost. Therefore, there are various impacting factors, for example, the size of land used for planting which is varied by the compensation comparing to other crops, climate condition, crop diseases, rainfall and water level. In the production year 2019/2020, it is expected that the amount of sugarcane to be sent to the crushing process will not exceed 80 million tons, compared to the previous year with 130 million tons, a decrease of 38 percent and the estimated production of molasses is 3.6 million tons or 38 percent of the amount of molasses produced in the previous year due to severe drought from climate change. In addition, with the continuously declining in sugarcane price, some farmers have turned to grow other crops instead. Accordingly, TAE has entered into advance sale and purchase agreements of molasses, as well as procuring alternative raw materials such as raw sugar and tapioca to mix as raw materials for ethanol production in 2020 in order to reduce the risk of relying solely on molasses and reducing the impact of shortage of raw materials.

**(2) Risk from Price Fluctuation of Main Raw Materials:** Fluctuation of molasses price and raw sugar, which are raw materials, is directly impact to the cost of ethanol production since they are major costs in production process. The price of molasses and raw sugar varies by the supply and demand, following the same trend as the price of sugar which is seasonal and market force. Therefore, if the raw materials prices rise rapidly, the cost of sales and the profit margin of TAE may be affected since the selling price may not change proportionally with the increased cost of raw material. Recognizing this issue, TAE determines its ethanol selling price based on a cost-plus basis with appropriate gross margin. In addition, market situation and price trend of the raw materials are closely and regularly monitored in order to procure raw materials at appropriate or competitive price to achieve good profit margin.

**(3) Risk from being Dependent on Major Customers:** TAE sells ethanol-for-fuel to oil companies as defined by Section 7 of Fuel Trade Act B.E. 2543 for blending in gasohol production. Being an oligopoly, the major buyers with high ethanol demand have more negotiating leverage in terms of price and selling terms, in addition, in the event that major customers has a business partnership with an ethanol manufacturer both in the form of shareholding and the joint venture will increase their bargaining power. TAE is aware of the risk of relying on major customers and the impact on TAE’s operations, therefore, focuses on making effort to decrease its dependence on any single customer, having expanded its customer base to ensure ethanol sales target with optimal terms and prices. However, major buyers have to procure ethanol from various vendors to diversity risks as well.

**(4) Risk from the Government Policy:** Due to the policy promoting the use of renewable energy has an impact on ethanol business, especially the Alternative Energy Development Plan (AEDP), which has established targets on ethanol demand, with an announcement of Gasohol E20 as the basic gasoline of the country in order to balance the agricultural crops such as cassava and sugarcane, which are the main raw materials for ethanol production, as well as announcing the cancellation of Gasohol 91 at gas stations nationwide in the 3<sup>rd</sup> quarter of 2020, resulting in an increase in demand for ethanol in accordance with the increasing proportion of ethanol blending. However, the government policy is still uncertain, which the Company aims to manage the production and distribution of ethanol at the highest efficiency, with emphasis on cost management, product quality and good relationship with customers, including export market expansion or add value to the products, ensuring minimal impact from the government policy.

**(5) Risk from the Growing Trends of Electric Cars and Hybrid Cars:** As the government has a policy to support the electric vehicles industry (“EVs”) in line with the Energy 4.0 policy to shift fossil reliance to renewable energy, and the use of hybrid cars using both electricity and fuel is likely to increase as well, despite the disadvantage of price and battery life, charging time, including the number of service stations to be improved in the future. Clearly, the utilization of electricity power in cars will have an impact on fuel and ethanol demand in the future. Accordingly, TAE is currently conducts a feasibility study of producing other products or derivatives products of ethanol to mitigate the impact of the decrease in ethanol demand in the future.

**(6) Risk from the Utilization of Biogas as Main Fuel for Steam and Power Generation used in Ethanol Production:** TAE uses biogas as main fuel for steam and power generation in ethanol production as one of the policies concerning cost reduction and improvement on ethanol production efficiency, instead of using fuel oil and biomass energy as before, which significantly reduces the fuel cost. Currently, TAE can produce enough biogas for steam and power generation for both production lines. However, there is certain risk from natural disaster, causing damage to the biogas ponds, rendering them dysfunctional and requiring substituted fuel (e.g. fuel oil, palm shell), increasing the cost of ethanol production. Recognizing such risk, TAE has strengthened the structure of the biogas ponds and conducts regular maintenance as well as assigned the team to closely monitor all biogas production systems to ensure continuous and effective biogas generation. Moreover, insurance policies covering every type of risk from natural disaster are also in place.

**(7) Risk from Environmental Impact:** TAE places emphasis and recognizes the health and sanitation impacts to the surrounding community, and thus, is determined to pay attention to the following two potential risks including environment and pollution aspects.

**(7.1) Risk from Environmental Impact of Air Pollution:** TAE installed bio scrubber for removal hydrogen sulfide (H<sub>2</sub>S) in biogas, which is used for steam and power generation for the biogas, a new technology that reduces cleaning time and more efficient than before, with plans to further improve bio scrubber in order to increase its efficiency to make biogas clean and has better quality as well as reducing cleaning time. Additionally, there is a working team monitoring and repairing the canvas covering the biogas ponds to ensure that it is in good condition. In case where it is damaged, it will be repaired immediately in order to prevent and minimize air pollution that would have an impact on the surrounding community.

**(7.2) Risk from Environmental Impact of Water Resources and Wastewater Treatment:** TAE has complied with the requirements of the Department of Industrial Works, Ministry of Industry, in “Wastewater Management in Industrial Plants” by constructing properly treated spent wash ponds from biogas production process with inspection and repair of the levees in accordance with the engineering standards with adequate freeboard distance to reduce the risk of the overflows caused by heavy rains. In addition, the investment in spent wash evaporation project with evaporation system is undertaken in order to reduce the treated spent wash and mitigate the risk of water leakage in the event of flooding to prevent the potential impact on the surrounding community.



**(8) Risk from Compliance with Loan Agreements:** The lending bank has stipulated a condition concerning the maintenance of shareholding in TAE of Lanna Resources Public Co., Ltd. ("LANNA"), a parent company, of no less than 50 percent of all shares during the whole duration of the loan agreement. Therefore, TAE has the risk of breaching the loan agreement condition, and the lending bank may demand a full repayment of loan if LANNA sells its shares in TAE and the shareholding proportion in TAE decreases to less than 50 percent of all shares, which will ultimately affect the liquidity and the operation of TAE. Accordingly, the management has informed the Board of Directors of LANNA regarding such condition. If LANNA plans to decrease its shareholding proportion in TAE in the future, a written notification is needed to be sent to TAE so that TAE may negotiate with the lending bank without breaching the loan agreement.

## **Financial Risk**

**(1) Loan-Related Risk:** At present, LANNA has no loan for business operation and therefore has no risk related to loan. Accordingly, PT. Lanna Harita Indonesia and PT. Singlurus Pratama, the subsidiary companies in Indonesia, have taken out both short-term and long-term loans for their business operation, as already reported in the Risks Coal Mining Business above. Also, Thai Agro Energy Public Co., Ltd., a subsidiary company in Thailand, has short-term and long-term loans for business operation as already reported in the Risks in Ethanol Business above. Accordingly, all three companies have complied with the terms and conditions of the loan agreements correctly without any default.

**(2) Overseas Investment Risk:** LANNA has investments in the subsidiary and associated companies overseas in several currencies including Singapore Dollars, US Dollars and Indonesian Rupiahs, of which are long-term investments without definite term period, therefore, there is currently no risk mitigation in place. If the time of project termination was known, this risk could be managed promptly and appropriately.

**(3) Foreign Exchange Risk:** LANNA has revenues from coal sales in Thai Baht currency and coal procurements for sales are done in US Dollar currency. While the revenues for coal sales of the subsidiary companies in Indonesia are in US Dollar but their operating expenses are paid in US Dollar and Indonesian Rupiah. As for the associated company in Singapore, the revenues are in US Dollar; however, the operating expenses are paid in US Dollar and Singapore Dollar. As a result, LANNA and its affiliates possess foreign exchange related risk from changes of the aforementioned currency values. Accordingly, LANNA mitigates the risk related to foreign exchange by entering into forward exchange contracts or deposit of foreign currencies received from coal sales to LANNA's various bank accounts as cash reserves for payments of coals or future investments, protecting from possible future foreign exchange risk. In the past year, the foreign exchange was managed at satisfactory level, and there was no significant impact to LANNA and its subsidiary companies.

**(4) Other Factors Having Impact on Investment:** Apart from the aforementioned transactions, LANNA and its subsidiary companies have no commitments or obligations regarding issued shares, warrants, convertible securities, debentures or other types of derivatives currently or in the future, as well as there are no unusual or serious event or important incident that might significantly affect financial status and operating results of LANNA and its subsidiary companies.

## STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES TO THE FINANCIAL REPORT

The consolidated financial statements year 2019 of Lanna Resources Public Company Limited and its subsidiary companies have been prepared in accordance with the Notification of the Department of Business Development, regarding to the condensed transactions of the financial statements, effective under the Accounting Act B.E. 2543 and in compliance with the accounting standard established in the Accounting Profession Act B.E. 2547.

The Board of Directors is responsible for the preparation of the financial report of Lanna Resources Public Company Limited and its subsidiary companies, assuring that the financial status, operating results, and cash flows are presented in truth and fairness by having established a correct and complete keeping of the financial records. These financial statements have been prepared in accordance to the generally accepted accounting standard by using accounting policies that are appropriate and corresponding to the business operation, which are undertaken on a regular basis. The Company also considers and maintains adequate provisions for uncertainty items or items that may have significant effect on future operation, by disclosing important information in the Notes to Financial Statements with certified accountant's opinions in the Report of Independent Auditor.

Accordingly, the Board of Directors has appointed the Audit Committee, comprising of independent and non-executive directors with complete qualifications as established by the Securities and Exchange Commission (SEC), to review the financial statements for compliance with the accounting standard; to review the internal control system, internal audit system and risk management for appropriateness and efficiency; to review that the business operation has been conducted in accordance with the Company's regulations and relevant laws; and to oversee that there are no conflict of interest; as well as to consider and propose for the appointment of the Company's auditors. The opinions of the Audit Committee are expressed in the Report of the Audit Committee which has been included within the Annual Report 2019.

March 2, 2020

On behalf of the Board of Directors of Lanna Resources Public Company Limited



(Mr. Somkiart Limsong)

Chairman of the Board



(Mr. Srihasak Arirachakaran)

Chief Executive Officer



Building a better  
working world

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## Independent Auditor's Report

To the Shareholders of Lanna Resources Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lanna Resources Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lanna Resources Public Company Limited and its subsidiaries and of Lanna Resources Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Revenue recognition*

Major revenue of the Group is derived from production and distribution of coal and ethanol. The Group recognised revenue, based on the contractual price, when control of goods is transferred to the customer, generally on delivery goods. The price is based on the market price with adjusted by other factors. Revenue from sales is a significant account because the amount of revenue from sales is material and directly affects the Group's profit or loss. In addition, selling prices are based on the fluctuated market price and current demands. I therefore gave significant attention to the revenue recognition of the Group.

I have examined the revenue recognition of the Group by assessing and testing its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, applying a sampling method to select sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy, on a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period, reviewing credit notes that the Group issued after the period-end and performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### *Coal reserve estimates for the overseas subsidiaries*

Coal reserves are estimates of the amounts of coal that can be economically and legally extracted by the subsidiary companies. The subsidiary companies determine and report their coal reserves under the Australasian Code for Reporting, Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee Code).

Estimating coal reserves requires the use of assumptions about a range of geological, technical and economic factors, including production quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand, coal prices and exchange rates.

Estimating the quantity and/or calorific value of coal ore reserves requires the size, shape and depth of coal ore bodies or fields to be determined through an analysis of geological data such as drilling data, samples and topography. The process of making judgements with respect to such geological data is complex and difficult.

Because the economic assumptions used to estimate the reserves change from period to period, and because additional geological data may be generated during the course of operations, the estimates of reserves may change from period to period.

Changes in reported reserves may affect the subsidiary companies' financial results and financial position in a number of ways, including the following:

- Assets' carrying values may be affected by changes in estimated future cash flows.
- Depreciation, depletion and amortisation charges in the statements of income and other comprehensive income may change when such charges are determined by the units of production basis, or when the useful economic lives of assets change.
- Overburden removal costs recorded in the statements of financial position or charged to the statement of income and other comprehensive income may change due to changes in stripping ratios.
- Decommissioning costs and provisions for site and environmental restoration may change due to changes in estimated reserves which result from the timing or cost of these activities.
- The recognised value of deferred tax assets/liabilities may change due to changes in estimates of the recoverable amounts of the tax benefits.

I audited the coal reserve estimates by assessing the competency and capability of the management and the expert used by the management to estimate the subsidiary companies' coal reserves as of 31 December 2019. In addition, I tested the significant assumptions used by the management and the expert in the estimation, especially the assumptions relating to coal prices, production levels and discount rate determination. I also reviewed the disclosure of the accounting policy relating to the estimation of coal reserves in the notes to the financial statements.

### *Goodwill*

As at 31 December 2019, the Company recorded goodwill amounting to Baht 186 million, as disclosed in Note 18 to the financial statements. The assessment of goodwill impairment is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from the group of assets in the future, and setting an appropriate discount rate and long-term growth rate. This will affect the appropriateness of the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by the management by making enquiry of the management and gaining an understanding of its decision-making process to assess whether the decisions made were consistent with how the assets are utilised. In addition, I tested the significant assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by the management through analysis of the weighted average finance costs of the Company and of the industry, tested the calculation of the recoverable amounts of the assets using the selected financial model and considered the impact of changes in key assumptions on those recoverable amounts, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

### *Estimation of recoverable amount of tax refund claims by overseas subsidiaries*

As of 31 December 2019, three overseas subsidiaries recognised estimates of tax refund claims totaling Baht 882.2 million, which consisted of value added tax and corporate income tax amounting to Baht 601.5 million and Baht 280.7 million, respectively.

The estimate of the value added tax refund claim was determined based on the netting of the input tax and output tax. The subsidiary companies recognised the overpaid value added tax as assets because they generated revenue mostly from export sales, which are subject to value added tax at a 0% rate.

The estimates of the corporate income tax refund claim was measured at the amount expected to be recovered from the tax authority, which is the excess of prepaid corporate income tax over the corporate income tax expense for the respective fiscal year. The corporate income tax expense is determined by multiplying the estimated taxable income by the prevailing tax rate.

The recoverability of the estimated claims for tax refunds is dependent on examination by the tax authority. In addition, there are complexities and uncertainties with respect the interpretation of tax regulations.

I have audited the management's assessment of the uncertainties relating to the tax refund claims through a discussion with the management, review of the correspondence between the subsidiaries and the tax authority and consideration of the past results of tax assessments by the tax authority. I also reviewed the related disclosures made in the notes to the financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

*S. Ratananurak*

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 27 February 2020

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	477,624,516	605,363,504	124,554,965	156,032,351
Current investments	8	611,568,747	646,335,462	609,312,642	640,998,655
Trade and other receivables	6, 9	706,160,104	1,089,580,500	121,991,706	188,010,704
Inventories	10	729,349,115	369,651,883	140,273,876	136,915,433
Value added tax refundable		647,373,180	785,004,868	236,371	-
Prepaid income tax		280,716,195	132,955,126	-	-
Advance payments for goods	6, 11	667,833,828	660,045,477	210,280,276	108,113,646
Other current financial assets		<u>152,487,970</u>	<u>30,315,788</u>	<u>2,295,670</u>	<u>2,009,028</u>
<b>Total current assets</b>		<u>4,273,113,655</u>	<u>4,319,252,608</u>	<u>1,208,945,506</u>	<u>1,232,079,817</u>
<b>Non-current assets</b>					
Restricted bank deposits	7	105,741,923	105,065,446	-	-
Investments in subsidiaries	12	-	-	768,332,710	764,538,181
Investment in associated company	13	19,607,780	23,879,117	890,679	890,679
Advance payment for share subscription	14	241,154,424	241,154,424	241,154,424	241,154,424
Investment properties	15	32,422,689	32,422,689	32,422,689	32,422,689
Biological asset	16	1,957,439	-	-	-
Property, plant and equipment	17	4,206,022,455	3,971,990,789	336,866,168	312,926,170
Goodwill	18	185,999,788	185,999,788	-	-
Intangible assets	19	156,990,300	174,172,174	154,975,249	171,496,192
Deferred tax assets	32	25,883,422	22,576,722	22,453,507	19,307,716
Other non-current assets	20	<u>486,581,250</u>	<u>569,201,449</u>	<u>3,873,020</u>	<u>3,822,052</u>
<b>Total non-current assets</b>		<u>5,462,361,470</u>	<u>5,326,462,598</u>	<u>1,560,968,446</u>	<u>1,546,558,103</u>
<b>Total assets</b>		<u>9,735,475,125</u>	<u>9,645,715,206</u>	<u>2,769,913,952</u>	<u>2,778,637,920</u>

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial					
institutions	21	1,606,854,389	1,370,413,479	-	-
Trade and other payables	6, 22	519,047,870	616,864,250	31,848,123	45,415,942
Current portion of liabilities under					
finance lease agreements	23	3,008,443	2,094,663	-	-
Current portion of long-term loans from					
financial institution	24	166,114,467	102,000,000	-	-
Accrued expenses		283,151,130	436,867,529	15,402,306	22,085,714
Income tax payable		22,097,146	59,571,905	-	-
Other current liabilities		56,514,189	87,670,332	6,572,144	15,139,422
Total current liabilities		2,656,787,634	2,675,482,158	53,822,573	82,641,078
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	23	8,979,997	709,629	-	-
Long-term loans from financial institution					
- net of current portion	24	587,824,890	525,968,432	-	-
Provision for long-term employee					
benefits	25	252,810,330	202,235,515	45,652,619	29,923,667
Provision for mine reclamation and					
decommissioning costs	26	87,201,715	93,905,272	-	-
Deferred tax liabilities	32	161,226,815	161,747,276	-	-
Other non-current liabilities	27	-	69,822,069	-	-
Total non-current liabilities		1,098,043,747	1,054,388,193	45,652,619	29,923,667
Total liabilities		3,754,831,381	3,729,870,351	99,475,192	112,564,745

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
524,999,679 ordinary shares of Baht 1 each		524,999,679	524,999,679	524,999,679	524,999,679
Share premium		680,400,000	680,400,000	680,400,000	680,400,000
Retained earnings					
Appropriated - Statutory reserve	28	52,500,000	52,500,000	52,500,000	52,500,000
Appropriated - General reserve		1,250,600,000	1,044,500,000	1,250,600,000	1,044,500,000
Unappropriated		1,909,834,942	2,018,746,800	161,939,081	363,673,496
Other components of shareholders' equity		(53,919,919)	42,610,140	-	-
Equity attributable to owners of the Company		4,364,414,702	4,363,756,619	2,670,438,760	2,666,073,175
Non-controlling interests of the subsidiaries		1,616,229,042	1,552,088,236	-	-
Total shareholders' equity		5,980,643,744	5,915,844,855	2,670,438,760	2,666,073,175
Total liabilities and shareholders' equity		9,735,475,125	9,645,715,206	2,769,913,952	2,778,637,920

The accompanying notes are an integral part of the financial statements.

Directors

**Lanna Resources Public Company Limited and its subsidiaries**

**Income statements**

**For the year ended 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Revenues					
Sales	6	9,253,814,004	12,535,212,032	986,964,564	1,377,701,628
Commission and marketing service income	6	-	-	152,136,232	172,034,299
Other income					
Dividend income	6, 12, 13	-	-	284,374,903	613,670,463
Service income	6	-	-	32,207,367	36,367,393
Gain on exchange		17,563,573	-	-	10,987,729
Interest income	6	16,454,936	22,218,591	5,748,706	8,493,922
Others		69,282,926	15,968,461	17,726,276	10,863,278
Total other income		103,301,435	38,187,052	340,057,252	680,382,785
Total revenues		9,357,115,439	12,573,399,084	1,479,158,048	2,230,118,712
Expenses					
Cost of sales	6	6,088,306,187	8,268,340,714	832,744,922	1,216,070,963
Selling and distribution expenses		1,766,678,018	2,208,937,462	146,703,548	159,974,139
Administrative expenses		455,213,625	512,972,149	116,308,450	118,636,803
Damage from flood event	31	-	2,250,927	-	-
Loss on exchange		-	32,628,137	17,709,027	-
Total expenses	30	8,310,197,830	11,025,129,389	1,113,465,947	1,494,681,905
Profit before share of profit from investment, finance cost and income tax expenses					
		1,046,917,609	1,548,269,695	365,692,101	735,436,807
Share of profit from investment in associated company					
	13	7,147,071	12,017,855	-	-
Profit before finance cost and income tax expenses		1,054,064,680	1,560,287,550	365,692,101	735,436,807
Finance cost		(69,939,186)	(63,058,752)	-	-
Profit before income tax expenses		984,125,494	1,497,228,798	365,692,101	735,436,807
Income tax expenses	32	(192,973,474)	(449,371,085)	(41,788,425)	(133,733,631)
Profit for the year		791,152,020	1,047,857,713	323,903,676	601,703,176
Profit attributable to:					
Equity holders of the Company		420,583,942	600,678,661	323,903,676	601,703,176
Non-controlling interests of the subsidiaries		370,568,078	447,179,052		
		791,152,020	1,047,857,713		
Basic earnings per share					
Profit attributable to equity holders of the Company	34	0.80	1.14	0.62	1.15

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the year		791,152,020	1,047,857,713	323,903,676	601,703,176
Other comprehensive income:					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Exchange differences on translation of financial statements in foreign currency		(153,481,890)	(14,841,528)	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		(153,481,890)	(14,841,528)	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Actuarial gain (loss)	25	(15,092,481)	7,433,199	(5,672,855)	(2,315,740)
Less: Income tax effect	32	3,958,644	(2,458,408)	1,134,571	463,148
Net other comprehensive income not to be reclassified to income statement in subsequent periods - net of income		(11,133,837)	4,974,791	(4,538,284)	(1,852,592)
Other comprehensive income for the year		(164,615,727)	(9,866,737)	(4,538,284)	(1,852,592)
Total comprehensive income for the year		626,536,293	1,037,990,976	319,365,392	599,850,584
Total comprehensive income attributable to:					
Equity holders of the Company		315,657,890	594,659,322	319,365,392	599,850,584
Non-controlling interests of the subsidiaries		310,878,403	443,331,654		
		626,536,293	1,037,990,976		

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity  
 For the year ended 31 December 2019

Consolidated financial statements												(Unit: Baht)
Equity attributable to owners of the Company												
Other component of equity												
Other												
comprehensive income												
Exchange differences on translation of financial statements in foreign currency												
Surplus on change in the percentage of shareholding in subsidiary												
Capital reserve for share-based payment transactions												
Total other component of shareholders' equity												
Total equity attributable to owners of the Company												
Equity attributable to non-controlling interests of the subsidiaries												
Total shareholders' equity												
Note	Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	translation of financial statements in foreign currency	in subsidiary	Capital reserve for share-based payment transactions	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	524,999,679	680,400,000	52,500,000	747,300,000	2,195,917,529	(25,525,434)	75,948,676	556,451	50,979,693	4,252,037,001	1,556,097,102	5,808,194,103
	-	-	-	-	600,678,661	-	-	-	-	600,678,661	447,179,052	1,047,857,713
	-	-	-	-	2,350,214	(8,369,553)	-	-	(8,369,553)	(6,019,339)	(3,847,398)	(9,866,737)
35	-	-	-	-	603,028,875	(8,369,553)	-	-	(8,369,553)	594,659,322	443,331,654	1,037,990,976
	-	-	-	-	(482,999,704)	-	-	-	-	(482,999,704)	-	(482,999,704)
35	-	-	-	297,200,000	(297,200,000)	-	-	-	-	-	-	-
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The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries  
Statements of changes in shareholders' equity (continued)  
For the year ended 31 December 2019

Consolidated financial statements														(Unit: Baht)	
Equity attributable to owners of the Company															
Note	Issued and paid up share capital	Share premium	Retained earnings			Translation of financial statements in foreign currency	Surplus on change in the percentage of shareholding in subsidiary	Capital reserve for share-based payment transactions	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Other component of equity		Total shareholders' equity	
			Statutory reserve	General reserve	Unappropriated							Other comprehensive income	Exchange differences on		
	524,999,679	680,400,000	52,500,000	1,044,500,000	2,018,746,800	(33,894,987)	75,948,676	556,451	42,610,140	4,363,756,619	1,552,088,236			5,915,844,855	
	-	-	-	-	420,583,942	-	-	-	-	420,583,942	370,568,078			791,152,020	
	-	-	-	-	(8,395,993)	(96,530,059)	-	-	(96,530,059)	(104,926,052)	(59,689,675)			(164,615,727)	
35	-	-	-	-	412,187,949	(96,530,059)	-	-	(96,530,059)	315,657,890	310,878,403	-	-	626,536,293	
	-	-	-	-	(314,999,807)	-	-	-	-	(314,999,807)	-	-	-	(314,999,807)	
35	-	-	-	206,100,000	(206,100,000)	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	2,044,969	2,044,969	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	524,999,679	680,400,000	52,500,000	1,250,600,000	1,909,834,942	(130,425,046)	75,948,676	556,451	(53,919,919)	4,364,414,702	1,618,229,042	(248,782,566)		(248,782,566)	
	524,999,679	680,400,000	52,500,000	1,250,600,000	1,909,834,942	(130,425,046)	75,948,676	556,451	(53,919,919)	4,364,414,702	1,618,229,042			5,980,643,744	

The accompanying notes are an integral part of the financial statements



Lanna Resources Public Company Limited and its subsidiaries  
Statements of changes in shareholders' equity (continued)  
For the year ended 31 December 2019

Separate financial statements							(Unit: Baht)
	Note	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity	
				Appropriated			
				Statutory reserve	General reserve		
Balance as at 1 January 2018		524,999,679	680,400,000	52,500,000	747,300,000	544,022,616	2,549,222,295
Profit for the year		-	-	-	-	601,703,176	601,703,176
Other comprehensive income for the year		-	-	-	-	(1,852,592)	(1,852,592)
Total comprehensive income for the year		-	-	-	-	599,850,584	599,850,584
Dividend paid	35	-	-	-	-	(482,999,704)	(482,999,704)
Unappropriated retained earnings transferred to general reserve	35	-	-	-	297,200,000	(297,200,000)	-
Balance as at 31 December 2018		524,999,679	680,400,000	52,500,000	1,044,500,000	363,673,496	2,666,073,175
Balance as at 1 January 2019		524,999,679	680,400,000	52,500,000	1,044,500,000	363,673,496	2,666,073,175
Profit for the year		-	-	-	-	323,903,676	323,903,676
Other comprehensive income for the year		-	-	-	-	(4,538,284)	(4,538,284)
Total comprehensive income for the year		-	-	-	-	319,365,392	319,365,392
Dividend paid	35	-	-	-	-	(314,999,807)	(314,999,807)
Unappropriated retained earnings transferred to general reserve	35	-	-	-	206,100,000	(206,100,000)	-
Balance as at 31 December 2019		524,999,679	680,400,000	52,500,000	1,250,600,000	161,939,081	2,670,438,760

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit before tax	984,125,494	1,497,228,798	365,692,101	735,436,807
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	706,081,223	731,019,785	31,662,725	29,621,917
Reduction of inventory to net realisable value (reversal)	(2,561,218)	2,104,882	-	-
Reversal of allowance for impairment of advance for purchase of goods	(204,879)	-	-	-
Gain on disposals and unrealised gain on change in value of investments in trading securities	(7,198,573)	(4,832,311)	(7,130,859)	(4,751,469)
Share of profit from investment in associated company	(7,147,071)	(12,017,855)	-	-
Allowance for diminution in value added tax refundable	11,004,009	-	-	-
Write-off of value added tax refundable and prepaid income tax	3,268,772	14,440,453	-	-
Gain on disposal of equipment	(1,427,698)	(691,748)	(89,112)	(11,058)
Loss on write-off of equipment	11,082	644,254	-	-
Loss on write-off of deferred stripping costs	6,617,054	-	-	-
Reversal of dividend payable	(125,038)	(114,952)	(125,038)	(114,952)
Dividend income	-	-	(284,374,903)	(613,670,463)
Provision for long-term employee benefits	42,315,528	31,789,704	10,056,097	3,126,418
Provision for mine reclamation and decommissioning costs	7,459,406	30,021,743	-	-
Unrealised loss (gain) on exchange	(11,478,135)	12,557,286	14,821,426	2,091,702
Interest income	(16,454,936)	(22,218,591)	(5,748,706)	(8,493,922)
Interest expenses	69,151,968	62,494,862	-	-
Profit from operating activities before changes in operating assets and liabilities	1,783,436,988	2,342,426,310	124,763,731	143,234,980
Operating assets (increase) decrease				
Trade and other receivables	383,863,547	175,987,954	66,390,100	2,994,485
Inventories	(357,037,323)	20,998,385	(3,358,443)	47,319,202
Value added tax refundable	92,035,660	(213,465,826)	(236,371)	9,760,912
Advance payments for goods	(11,460,089)	(604,428,349)	(116,286,247)	(49,114,183)
Other current assets	(122,172,183)	61,151,485	(286,642)	298,494
Operating liabilities increase (decrease)				
Trade and other payables	(56,948,145)	32,895,950	(13,649,738)	(898,210)
Accrued expenses	(146,469,875)	152,865,570	(1,783,408)	(2,659,845)
Other current liabilities	(27,739,557)	(27,664,100)	(12,447,787)	(8,234,638)
Cash paid for long-term employee benefits	(9,209,376)	(5,194,143)	(4,900,000)	47 -
Cash paid for mine reclamation	(14,588,897)	(15,776,476)	-	-
Cash from operating activities	1,513,710,750	1,919,796,760	38,205,195	142,701,197

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities (continued)</b>				
Interest income	16,011,786	24,924,620	5,274,219	14,356,588
Cash paid for interest expenses	(40,118,183)	(38,038,399)	-	-
Refund of income tax	8,197,549	8,231,664	-	-
Cash paid for income tax	(375,483,889)	(843,762,225)	(39,794,098)	(121,681,872)
<b>Net cash from operating activities</b>	<b>1,122,318,013</b>	<b>1,071,152,420</b>	<b>3,685,316</b>	<b>35,375,913</b>
<b>Cash flows from investing activities</b>				
Decrease in current investments	41,965,288	192,789,308	38,816,872	189,819,261
Increase in restricted bank deposits	(8,109,781)	(19,229,795)	-	-
Dividend received from subsidiaries and associated company	11,418,408	16,211,945	284,374,903	613,670,463
Cash paid for investment in subsidiary	-	-	(3,794,529)	-
Proceeds from disposals of equipment	1,911,809	773,611	105,707	39,124
Acquisitions of plant and equipment	(601,132,908)	(669,082,448)	(39,378,743)	(27,999,252)
Acquisitions of computer software	(578,996)	(1,463,887)	(226,013)	(90,810)
Acquisition of biological asset	(1,957,439)	-	-	-
Cash paid for transferring service fees	-	(191,939,400)	-	(191,939,400)
Cash paid for advance payment for share subscription	-	(241,154,424)	-	(241,154,424)
Increase in other non-current assets	(378,699,124)	(551,223,692)	(50,968)	(82,482)
<b>Net cash from (used in) investing activities</b>	<b>(935,182,743)</b>	<b>(1,464,318,782)</b>	<b>279,847,229</b>	<b>342,262,480</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	250,286,639	471,345,449	-	-
Cash paid for liabilities under finance lease agreements	(2,756,400)	(3,340,031)	-	-
Cash paid for liabilities under capital lease agreement	(101,483,222)	(162,263,493)	-	-
Cash received from long-term loan from financial institution	227,696,105	627,968,432	-	-
Repayment of long-term loan from financial institution	(102,000,000)	(117,757,191)	-	-
Dividend paid	(563,782,373)	(930,340,224)	(314,999,807)	(482,999,704)
Decrease in non-controlling interests of the subsidiaries	(54,906,860)	(6,471,975)	-	-
<b>Net cash used in financing activities</b>	<b>(346,946,111)</b>	<b>(120,859,033)</b>	<b>(314,999,807)</b>	<b>(482,999,704)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>32,081,977</b>	<b>(8,452,796)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(127,728,864)</b>	<b>(522,478,191)</b>	<b>(31,467,262)</b>	<b>(105,361,311)</b>
Cash and cash equivalents at beginning of year	605,363,504	1,128,070,350	156,032,351	261,622,317
Effect of change in foreign exchange rate on cash at bank balance	(10,124)	(228,655)	(10,124)	(228,655)
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>477,624,516</b>	<b>605,363,504</b>	<b>124,554,965</b>	<b>156,032,351</b>

The accompanying notes are an integral part of the financial statements.

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Supplemental cash flows information:</b>				
Non-cash transaction from operating activities				
Transferred provision for long-term employee benefits				
to accrued expenses	57,096	7,514,150	-	5,223,117
Non-cash transactions from investing activities				
Accounts payable from purchases of plant, equipment				
and intangible assets	22,046,807	63,503,342	2,926,963	3,433,344
Acquisitions of equipment under finance lease agreements	11,751,940	-	-	-
Transfer equipment to intangible assets	-	10,000	-	10,000

The accompanying notes are an integral part of the financial statements.

**Lanna Resources Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2019**

**1. General information**

Lanna Resources Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Siam City Cement Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of lignite. The registered office of the Company is at 888/99 Mahathun Plaza Building 9th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Lanna Resources Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				<u>2019</u>	<u>2018</u>
				Percent	Percent
<u>Held by the Company</u>					
Local subsidiary					
Lanna Power Generation Company Limited	Investment business and power generation and distribution services	Direct holding and common directors	Thailand	100.00	100.00
Thai Agro Energy Public Company Limited	Ethanol production and distribution	Direct holding and common directors	Thailand	51.00	51.00 50

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				<u>2019</u>	<u>2018</u>
				Percent	Percent
<b><u>Held by the Company</u></b>					
<b>Overseas subsidiaries</b>					
PT. Lanna Power Indonesia (formerly known as "PT. Lanna Mining Services")	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.95
PT. Singlurus Pratama	Coal production and distribution	Direct holding and common directors	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Direct holding and common directors	Indonesia	55.00	55.00
<b><u>Held by associated company</u></b>					
PT. Lanna Power Indonesia (formerly known as "PT. Lanna Mining Services")	Coal distribution	Direct holding	Indonesia	0.05	0.05

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- h) The excess of the cost of investment in a subsidiary company over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired as at the investment date has been shown as "Goodwill" and separately presented as non-current asset in the consolidated statement of financial position and is measured at cost less any accumulated impairment losses (if any).
- 2.3 The separate financial statements present investments in subsidiaries and associated company under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments



These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue Recognition**

###### *Sales of goods*

Revenue from sale of coal and ethanol is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts to customers.

Income from coal sales are recorded according to the weight as recorded at the Company's site or the customer's site. Adjustments of the sales price due to quality and weight considerations are recognised in the month in which notification is received from customers.

###### *Commission and marketing service income*

Commission and marketing service income are recognised on an accrual basis when overseas subsidiaries sell coal to the buyer who the Company provides to subsidiaries.

###### *Service income*

Service income is recognised on an accrual basis when overseas subsidiary sells coal which is produced from its concession area to the buyer.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

## **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. Such cost includes cost of material, labour and overheads.

Raw materials, supplies and spare parts are value at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in inventory value is provided for the excess of cost over the net realisable value of inventories and for slow moving or deteriorated inventories.

Net realisable value is selling price in normal course of business less other costs incurred to sell the goods.

## **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Change in the fair value of these securities, which is determined from their net asset value, are recorded in the income statement.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

- c) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

#### **4.6 Investment properties**

Investment properties, which are plots of land, are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period when the asset is derecognised.

#### **4.7 Agriculture**

The subsidiary's biological assets consist of Mangium which was measured at its fair value less costs to sell. The fair value of Mangium is determined based on discounted cash flows/reference to price of Mangium at the point of harvest. Gains or losses on changes in fair value of biological asset is recognised in the income statement.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at its fair value less costs to sell.

#### **4.8 Property, plant and equipment and depreciation**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

The cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing an item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 10 years
Building and amenities	5 - 30 years
Machinery and equipment	4 - 30 years
Furniture and office equipment	3 - 15 years
Vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction and installation, land improvement of a local subsidiary and land, except for mining land which is depleted in accordance with the difference between its purchase cost and fair value and on the basis of units produced in proportion to the total coal reserves.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Government grants related to assets**

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Government grants related to assets are presented as a deducting to the value of the related assets and are recognised in the income statement over the useful life of the assets as a reduced depreciation expense.

#### **4.11 Intangible assets**

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

Intangible asset with finite useful lives, which is computer software, has useful lives of 3 - 10 years.

#### **4.12 Other non-current assets**

##### *Assets under exploration for and evaluation of mineral resources*

Exploration and evaluation expenditures of the subsidiaries involve expenditures relating to the search for mineral resources after the subsidiaries have obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource such as license costs, expenditures from topographical, geological, geochemical and geophysical studies, exploratory drilling expenditure and sampling expenditure.

Exploration and evaluation expenditures are recorded as assets except for administration expenditures that are not directly attributable to the specific area are charged to the income statement. Following the initial recognition, exploration and evaluation assets are stated at cost less allowance for impairment (if any). In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

Exploration and evaluation assets are classified as part of deferred exploration and development costs when proven reserves of the specific area are completely determined.

#### *Deferred exploration and development costs*

Development expenditures and incorporated costs before the production stage, which are net of proceeds from the sale of coal extracted during the development phase, are capitalised as deferred exploration and development costs. When the mine construction project moves into the production stage, deferred exploration and development costs are amortised as expenses in accordance with the proportion of units produced to total coal reserves.

#### *Deferred stripping costs*

Stripping costs/overburden removal expenses during the development phase of the mine are capitalised as part of the deferred stripping costs.

Stripping costs during the production phase are capitalised as part of the deferred stripping costs if, and only if, all of the following are met:

- a) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the subsidiaries.
- b) The subsidiaries can identify the component of the ore body for which access has been improved.
- c) The costs relating to the stripping activity associated with that component can be measured reliably.

The deferred stripping costs shall be initially recognised at cost and subsequently stated at cost less accumulated amortisation, which is calculated using the proportion of unit produced to total reserves, and allowance for impairment (if any). In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

### **4.13 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.14 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.15 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to the income statement over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

#### **4.16 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.



Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.17 Impairment of assets**

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

#### **4.18 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### *Defined contribution plans*

The Company, a subsidiary and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and the subsidiary. The fund's assets are held in a separate trust fund and the Company's and the subsidiary's contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Group have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by professionally qualified independent actuaries based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognise restructuring-related costs.

#### **4.19 Provisions**

Provisions are recognised when the Group have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.20 Provision for mine reclamation and decommissioning costs**

The subsidiaries recognise a provision for mine reclamation and decommissioning costs where an obligation exists. The estimated amount of the eventual costs relating to the site restoration and reclamation is discounted to its present value. Such costs are included in the income statement based on the unit-of-production method on the total estimated reclamation and decommissioning costs over the total proven reserves.

#### **4.21 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### *Current tax*

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### *Deferred tax*

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.22 Derivatives**

### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

## **4.23 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Coal reserve estimates**

The subsidiaries determine coal reserve based on best estimate of product that can be economically extracted from the relevant mining area. Such determination is made based on various assumptions including a range of geological, technical and economic factors, quantities, production techniques, stripping ratios, production costs, transport costs, coal prices and exchange rates.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in inventory value**

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

### **Allowance for impairment of investments**

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

### **Property, plant and equipment and depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Tax refundable**

The estimated claim for value added tax refund is determined in a net basis between value added tax input and output. The subsidiaries recognise overpayment of value added tax because they generated revenue mostly from export sales which are subject to value added tax at a 0% rate.

The estimated claim for income tax refund is measured at the amount expected to be recovered from tax authority which is the excess of prepaid corporate income tax over the corporate income tax expense during the respective fiscal year. The corporate income tax expense is determined based on the estimated taxable income computed using prevailing tax rates.

The management needs to make judgement which the recoverability of the estimated claims for taxes refund is dependent on the examination by tax authority which gives rise to the complexity and uncertainty exist with respect the interpretation of tax regulations.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## Provision for mine reclamation and decommissioning costs

The majority of the decommissioning and reclamation costs is incurred at the end of a mine's life. In determining a provision for such costs, the management needs to make judgement regarding the expected future costs to be incurred, the timing of these expected future costs, largely dependent on the life of the mine, and the estimated future level of inflation.

## 6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)				
Commission and marketing service income	-	-	152,136	172,034
Dividend income	-	-	272,957	597,458
Service income	-	-	32,207	36,367
Interest income	-	-	-	805
Purchase of coal	-	-	284,876	33,782
<u>Transactions with major shareholder</u>				
Sales of coal	-	162,946	-	162,946
<u>Transactions with associated company</u>				
Dividend income	-	-	11,418	16,212
Purchase of coal	-	191,194	-	191,194
Freight charge	181,332	398,063	181,332	398,063
<u>Transactions with related company</u>				
Sales of coal	701,346	836,637	701,346	836,637

	Transfer pricing policy
Sales of coal	Market price at which equivalent quality coal is sold to the same industry
Purchase of coal	Market price for equivalent quality coal
Commission and marketing service income	At the price agreed between the parties which is general price for the same business
Service income	Rate comparable paid to third parties
Dividend income	At the declared rate
Interest income	At the rate agreed between the parties
Freight charge	Price comparable to freight charges paid to third parties

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 9)</b>				
Subsidiaries	-	-	25,256	67,600
Related company (related by common shareholder and/or common directors)	63,170	81,383	63,170	81,383
Total trade and other receivables - related parties	63,170	81,383	88,426	148,983
<b><u>Advance payments for goods - related parties</u></b>				
<b>(Note 11)</b>				
Subsidiary company	-	-	149,884	-
Associated company	11,042	-	11,042	-
Total advance payment for goods - related parties	11,042	-	160,926	-
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 22)</b>				
Associated company	-	530	-	530
Total trade and other payables - related parties	-	530	-	530



### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Short-term employee benefits	139,502	166,642	36,057	36,040
Post-employment benefits	16,883	14,875	3,409	1,098
Total	156,385	181,517	39,466	37,138

### **7. Cash and cash equivalents/Restricted bank deposits**

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Cash	166	150	40	40
Bank deposits	583,201	710,279	124,515	155,992
Total	583,367	710,429	124,555	156,032
Less: Restricted bank deposits	(105,742)	(105,065)	-	-
Total	477,625	605,364	124,555	156,032

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.1 and 6.5 percent per annum (2018: between 0.1 and 7.5 percent per annum).

As at 31 December 2019, the overseas subsidiaries have restricted bank deposits of USD 3.5 million or approximately Baht 105.7 million (2018: USD 3.2 million or approximately Baht 105.1 million) to secure mine reclamation of the overseas subsidiaries to government and for coal supply of the overseas subsidiaries.

## 8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Investments in trading securities - Open				
funds - fair value	402,336	496,386	400,080	491,050
Investments in debentures	149,233	149,949	149,233	149,949
Bills of exchange	60,000	-	60,000	-
Total	<u>611,569</u>	<u>646,335</u>	<u>609,313</u>	<u>640,999</u>

During the year 2019, the Group recognised gains on the sales of trading securities amounting to Baht 7.1 million (the Company only: Baht 7.1 million) (2018: Baht 4.8 million (the Company only: Baht 4.8 million)). As at 31 December 2019, the Group recognised gain on valuation of trading securities amounting to Baht 0.1 million (the Company only: Baht 0.1 million) in the income statement (2018: recognised loss on valuation of trading securities amounting to Baht 0.06 million (the Company only: Baht 0.05 million)).

As at 31 December 2019, the Company had current investment in the form of bill of exchange of Baht 60 million in which carried interests between 1.55 percent per annum.

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Trade receivables - related parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	63,170	81,383	70,121	102,857
Past due				
Up to 3 months	-	-	10,795	24,310
Total trade receivables - related parties	<u>63,170</u>	<u>81,383</u>	<u>80,916</u>	<u>127,167</u>
<b><u>Trade receivables - unrelated parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	609,462	910,640	32,110	38,149
Past due				
Up to 3 months	17,556	83,753	-	-
Total trade receivables - unrelated parties	<u>627,018</u>	<u>994,393</u>	<u>32,110</u>	<u>38,149</u>
Total trade receivables	<u>690,188</u>	<u>1,075,776</u>	<u>113,026</u>	<u>165,316</u>

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Other receivables</u></b>				
Other receivables - related parties	-	-	7,510	21,816
Other receivables - unrelated parties	14,662	13,134	702	296
Advances	505	309	5	309
Interest receivable - unrelated parties	805	362	749	274
Total other receivables	15,972	13,805	8,966	22,695
Total trade and other receivables	706,160	1,089,581	121,992	188,011

The overseas subsidiary has pledged its accounts receivable to secure credit facilities from the financial institutions. As at 31 December 2019, the balance of accounts receivable totaling Rupiah 90,000 million or approximately Baht 185.4 million (2018: Rupiah 90,000 million or approximately Baht 191.9 million) were pledged to secure such credit facilities.

## 10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Coal and work in process	296,712	222,637	-	(2,660)	296,712	219,977
Finished goods	76,134	23,685	-	-	76,134	23,685
Work in process	14,198	12,276	-	-	14,198	12,276
Raw materials	320,009	94,019	-	-	320,009	94,019
Supplies	15,849	12,874	-	-	15,849	12,874
Spare parts	6,447	6,821	-	-	6,447	6,821
Total	729,349	372,312	-	(2,660)	729,349	369,652

(Unit: Thousand Baht)

	Separated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Coal	140,274	136,915	-	-	140,274	136,915
Total	140,274	136,915	-	-	140,274	136,915

During the current year, the subsidiaries reversed the write-down of cost of inventories by Baht 2.7 million, and reduced the amount of inventories recognised as expenses during the year (2018: the subsidiaries reduced cost of inventories by Baht 2.1 million, to reflect the net realisable value. This was included in cost of sales).

# 11. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance payments for goods - related parties	11,042	-	160,926	-
Advance payments for goods - unrelated parties	663,456	666,914	49,354	108,114
Total	674,498	666,914	210,280	108,114
Less: Allowance for impairment	(6,664)	(6,869)	-	-
Total advance payments for goods	667,834	660,045	210,280	108,114

A local subsidiary had significant business transactions with local companies in respect of purchases of molasses and raw sugar under the purchase of molasses agreements and the purchase of raw sugar agreements. To comply with the conditions in the agreements, as at 31 December 2019, the subsidiary had paid advance payments for purchase of molasses and raw sugar amounting to Baht 602.6 million (2018: Baht 545.1 million).

## 12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December
	2019	2018	2019 (%)	2018 (%)	2019	2018	
Local subsidiary							
Lanna Power Generation Company Limited	Baht 10 million	Baht 10 million	100.00	100.00	10,000	10,000	-
Thai Agro Energy Public Co., Ltd.	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000	178,500
							76,500
Overseas subsidiaries							
PT. Lanna Power Indonesia (formerly known as "PT. Lanna Mining Services") (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,889	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 10,500 million	Rp 7,950 million	65.00	65.00	22,421	18,626	187,170
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	94,457
							333,788
Total					768,333	764,538	597,458

## **Overseas subsidiaries**

The Company has 3 overseas subsidiaries in which the Company has shareholding percentage between 55.00% and 99.95% and, as at 31 December 2019, such subsidiaries had unappropriated retained earnings of the Company's portion totaling USD 34.4 million or approximately Baht 1,153 million (2018: USD 33.0 million or approximately Baht 1,110 million). The Group may have obligations regarding withholding tax deducted at source in Indonesia when the subsidiaries pay dividends from such amount in the future.

During 2018, PT. Singlurus Pratama ("SGP") and PT. Lanna Harita Indonesia ("LHI") sign amendment to each of their coal mining concession or the Coal Contract of Work ("CCOW") with the Ministry of Energy and Mineral Resources in respect of divestment obligation to reduce the proportion of foreign or non-Indonesian shareholding to not more than 49 percent of the paid up capital. The Company has to completely reduce such divestment within October 2019. After the divestment, the Company will have the percentage of shareholding in SGP and LHI at 49 percent and 41.4615 percent, respectively. During the current year, the subsidiaries evaluated their shares and proposed to Indonesian government sectors which was in accordance with the regulation about the divestment prescribed by Indonesia government sectors. Currently, Indonesian government sectors have been considering the purchase of such shares.

On 17 September 2018, the Board of Directors Meeting passed a resolution approving the increase of SGP's registered capital from Rupiah 7,950 million (7,950 shares of Rupiah 1 million each) to Rupiah 10,500 million (10,500 shares of Rupiah 1 million each) by issuing ordinary shares of Rupiah 2,550 million (2,550 shares of Rupiah 1 million each). The meeting also approved the Company to exercise the right to subscribe for the newly issued shares according to the share allotment of Rupiah 1,657 million (1,657 ordinary shares of Rupiah 1 million each), to maintain shareholding proportion at 65 percent of paid-up capital of SGP. The Company made subscription payment for the newly issued shares of Rupiah 1,657 million or approximately Baht 3.79 million on 11 February 2019.

## 12.2 Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the year		Translation adjustment allocated to non-controlling interests during the year		Increase from the increase of capital of the subsidiary during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)												
Thai Agro Energy Public Co., Ltd.	49.00	49.00	947	867	252	144	-	-	-	-	-	-	(172)	(73)
PT. Singlurus Pratama	35.00	35.00	319	340	7	96	(1)	2	(29)	(3)	2	-	-	(101)
PT. Lanna Harita														
Indonesia	45.00	45.00	357	352	112	207	(2)	1	(28)	(4)	-	-	(77)	(273)

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Thai Agro Energy Public Co., Ltd.		PT. Singlurus Pratama		PT. Lanna Harita Indonesia	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	1,303	1,010	676	908	1,154	1,115
Non-current assets	2,834	2,763	1,300	1,211	334	366
Current liabilities	(1,726)	(1,470)	(541)	(682)	(511)	(512)
Non-current liabilities	(475)	(530)	(315)	(256)	(187)	(187)

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy Public Co., Ltd.		PT. Singlurus Pratama		PT. Lanna Harita Indonesia	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue	2,577	2,698	2,556	4,043	3,511	4,468
Profit	514	294	21	274	246	459
Other comprehensive income	-	-	(2)	4	(4)	2
Total comprehensive income	514	294	19	278	242	461

Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy Public Co., Ltd.		PT. Singlurus Pratama		PT. Lanna Harita Indonesia	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flow from (used in) operating activities	419	(143)	457	612	152	402
Cash flow used in investing activities	(266)	(493)	(544)	(507)	(145)	(206)
Cash flow from (used in) financing activities	(160)	633	83	(152)	(62)	(561)
Net decrease in cash and cash equivalents	(7)	(3)	(4)	(47)	(55)	(365)



### 13.1 Detail of associated company

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### 13.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of profit from investment in associated company in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	Consolidated financial statements			(Unit: Thousand Baht)	
	Share of profit from investment in associate for the years ended 31 December			Separate financial statements	
	2019	2018	Share of other comprehensive income from investment in associate for the years ended 31 December	2019	2018
United Bulk Shipping Pte. Ltd.	7,147	12,018	-	11,418	16,212

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2019 and 2018 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

The Company's management believes that the management accounts of the associated company would not be significantly different from the account audited by its auditor.

### 13.3 Summarised financial information about material associate

#### Summarised information about financial position

	(Unit: Million Baht)	
	United Bulk Shipping Pte. Ltd.	
	<u>2019</u>	<u>2018</u>
Current assets	53	55
Current liabilities	(14)	(5)
Net assets	<u>39</u>	<u>50</u>
Carrying amounts of associates based on equity method	<u>20</u>	<u>24</u>

#### Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	United Bulk Shipping Pte. Ltd.	
	<u>2019</u>	<u>2018</u>
Revenue	193	593
Profit	15	24
Other comprehensive income	-	-
Total comprehensive income	15	24

### 14. Advance payment for share subscription

On 8 March 2018, the Company entered into Conditional Share Subscription Agreement for subscription of new issued 269,674,581 ordinary shares of PT. Pesona Khatulistiwa Nusantara ("PKN") which incorporated in mining business in Indonesia amounting to USD 8.8 million with proportion of 40 percent of total registered shares after the increase in share capital of PKN. During the year 2018, the Company paid an advance for the share subscription of USD 7.5 million or approximately Baht 241.2 million. However, the completion of the transaction is subject to certain conditions precedent under the agreement which must be satisfied in full. On 27 December 2019, the Company entered into an agreement with PKN to extend the share subscription for 3 months to 30 March 2020.

## 15. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2019	2018
Cost	35,193	35,193
Less: Accumulated depreciation	(1,200)	(1,200)
Less: Allowance for diminution in value	(1,570)	(1,570)
Net book value	32,423	32,423

No movement of investment properties for the years 2019 and 2018.

As at 31 December 2019, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 32.4 million (2018: Baht 32.4 million). The Company is considering making use and/or selling such assets to other parties. However, for some plots of land and land improvement which the Company had considered their net realisable value to be less than the net book value, the Company had set up allowance for impairment of such assets of Baht 1.6 million (2018: Baht 1.6 million).

The fair value of the investment properties as at 31 December 2019 is Baht 48 million (2018: Baht 48 million), which is determined based on the price appraised by the Department of Land.

## 16. Biological assets

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2019	-
Increase due to cost of planting	1,957
Balance as at 31 December 2019	1,957

## 17. Property, plant and equipment

### Consolidated financial statements

	(Unit: Thousand Baht)								
	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
Cost									
1 January 2018	420,191	65,045	138,587	1,116,164	3,217,393	96,449	48,146	161,875	5,263,850
Additions	16,394	-	5,511	13,984	17,047	7,000	4,960	637,975	702,871
Disposals/write-off	-	-	-	(9,363)	(149)	(8,077)	(5,139)	(624)	(23,352)
Transfer in (transfer out)	-	-	18,234	158,348	2,044	400	-	(179,036)	(10)
Translation adjustment	(122)	-	(122)	(5,334)	(3,363)	(314)	(104)	(759)	(10,118)
31 December 2018	436,463	65,045	162,210	1,273,799	3,232,972	95,458	47,863	619,431	5,933,241
Additions	-	-	29,154	6,134	26,825	7,717	18,128	484,308	572,266
Disposals/write-off	-	-	-	-	(1,677)	(3,937)	(9,369)	-	(14,983)
Transfer in (transfer out)	-	-	153	76,049	79,915	828	-	(156,945)	-
Translation adjustment	(1,207)	-	(1,211)	(52,830)	(32,583)	(3,048)	(1,012)	(17,384)	(109,275)
31 December 2019	435,256	65,045	190,306	1,303,152	3,305,452	97,018	55,610	929,410	6,381,249

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation</b>									
1 January 2018	-	65,045	43,976	302,049	1,180,175	86,929	37,949	-	1,716,123
Depreciation for the year	-	-	5,698	94,853	162,381	4,700	4,135	-	271,767
Accumulated depreciation of the disposal/written-off	-	-	-	(9,363)	(145)	(8,026)	(5,092)	-	(22,626)
Translation adjustment	-	-	(123)	(1,491)	(2,022)	(293)	(85)	-	(4,014)
31 December 2018	-	65,045	49,551	386,048	1,340,389	83,310	36,907	-	1,961,250
Depreciation for the year	-	-	6,118	95,020	162,254	5,466	4,673	-	273,531
Accumulated depreciation of the disposal/written-off	-	-	-	-	(1,677)	(3,895)	(8,916)	-	(14,488)
Translation adjustment	-	-	(1,210)	(19,467)	(21,121)	(2,684)	(584)	-	(45,066)
31 December 2019	-	65,045	54,459	461,601	1,479,845	82,197	32,080	-	2,175,227
<b>Net book value</b>									
31 December 2018	436,463	-	112,659	887,751	1,892,583	12,148	10,956	619,431	3,971,991
31 December 2019	435,256	-	135,847	841,551	1,825,607	14,821	23,530	929,410	4,206,022
<b>Depreciation for the year</b>									
2018 (Baht 215 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)									271,767
2019 (Baht 209 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)									273,531

## Separate financial statements

	(Unit: Thousand Baht)						
	Assets under construction and installation						Total
Cost	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles
1 January 2018	180,000	65,045	64,563	41,727	95,750	29,170	2,815
Additions	-	-	5,511	3,800	6,330	1,630	-
Transfer in (transfer out)	-	-	18,234	-	-	(10)	-
Disposal/write-off	-	-	-	-	(69)	(3,162)	-
31 December 2018	180,000	65,045	88,308	45,527	102,011	27,628	2,815
Additions	-	-	18,431	457	12,224	2,597	3,566
Transfer in (transfer out)	-	-	-	-	12,000	-	-
Disposal/write-off	-	-	-	-	(1,465)	(2,725)	-
31 December 2019	180,000	65,045	106,739	45,984	124,770	27,500	6,381
Accumulated depreciation							
1 January 2018	-	65,045	26,737	7,048	74,231	25,822	2,815
Depreciation for the year	-	-	5,698	2,119	2,516	1,580	-
Accumulated depreciation of the disposal/written-off	-	-	-	-	(69)	(3,134)	-
31 December 2018	-	65,045	32,435	9,167	76,678	24,268	2,815
Depreciation for the year	-	-	6,118	2,356	4,416	1,844	177
Accumulated depreciation of the disposal/written-off	-	-	-	-	(1,464)	(2,709)	-
31 December 2019	-	65,045	38,553	11,523	79,630	23,403	2,992
Net book value							
31 December 2018	180,000	-	55,873	36,360	25,333	3,360	-
31 December 2019	180,000	-	68,186	34,461	45,140	4,097	3,389
Depreciation for the year							
2018 (included in selling, distribution and administrative expenses)							12,000
2019 (included in selling, distribution and administrative expenses)							1,593
							312,926
							336,866
							11,913
							14,911

As at 31 December 2019, subsidiaries had office equipment and vehicles under finance lease agreements with net book values amounting to Baht 12.9 million (2018: Baht 4.8 million).

As at 31 December 2019, a local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 374.4 million (2018: Baht 350.9 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 11.4 million were capitalised during the year (2018: Baht 4.4 million). The weighted average rate of 3.1 to 3.8 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation (2018: 2.9 to 3.7 percent per annum).

As at 31 December 2019, the overseas subsidiary had an outstanding balance of the construction of port loading conveyor amounting to USD 16.5 million or Baht 497.4 million. The construction has been financed with a loan from a financial institution. Borrowing costs amounting to USD 0.1 million or Baht 2.5 million were capitalised during the year. The weighted average rate of 5.5 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation.

The local subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 December 2019 amounting to approximately Baht 1,514 million (2018: Baht 1,614 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 21 and 24.

The overseas subsidiary has mortgaged part of its land, machinery, and equipment with net book value as at 31 December 2019 amounting to approximately USD 22.0 million or equivalent to Baht 662.6 million as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 21 and 24.

As at 31 December 2019, the Company and subsidiaries had certain plant and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 408 million (2018: Baht 372 million) (the Company only: Baht 95 million (2018: Baht 98 million)).

## **18. Goodwill**

The Company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management.



Key assumptions used in value in use calculations summarise as follows:

	(Unit: Percent per annum)
Terminal growth rate	0 - 1
Discount rate	11

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.

## 19. Intangible assets

Details of intangible assets are as follows:

### Consolidated financial statements

	(Unit: Thousand Baht)		
	Computer software	Deferred transferred service fees according to contract	Total
<b>Cost</b>			
1 January 2018	18,835	-	18,835
Additions	1,602	191,939	193,541
Transfer in from equipment	10	-	10
Translation adjustment	(24)	-	(24)
31 December 2018	20,423	191,939	212,362
Additions	445	-	445
Translation adjustment	(233)	-	(233)
31 December 2019	20,635	191,939	212,574
<b>Accumulated amortisation</b>			
1 January 2018	13,850	-	13,850
Amortisation for the year	1,634	22,730	24,364
Translation adjustment	(24)	-	(24)
31 December 2018	15,460	22,730	38,190
Amortisation for the year	1,760	15,867	17,627
Translation adjustment	(233)	-	(233)
31 December 2019	16,987	38,597	55,584
<b>Net book value</b>			
31 December 2018	4,963	169,209	174,172
31 December 2019	3,648	153,342	156,990

## Separate financial statements

	(Unit: Thousand Baht)		
	Computer software	Deferred transferred service fees according to contract	Total
<b>Cost</b>			
1 January 2018	7,888	-	7,888
Additions	91	191,939	192,030
Transfer in from equipment	10	-	10
31 December 2018	7,989	191,939	199,928
Additions	231	-	231
31 December 2019	8,220	191,939	200,159
<b>Accumulated amortisation</b>			
1 January 2018	4,787	-	4,787
Amortisation for the year	915	22,730	23,645
31 December 2018	5,702	22,730	28,432
Amortisation for the year	885	15,867	16,752
31 December 2019	6,587	38,597	45,184
<b>Net book value</b>			
31 December 2018	2,287	169,209	171,496
31 December 2019	1,633	153,342	154,975

### **Agreement of transferring service fees provided by PT. Indocoal Pratama Jaya**

On 9 February 2018, the Company and PT. Indocoal Pratama Jaya ("IPJ") entered into agreement of transferring service fees for service provided to the concession area of PT. Singlurus Pratama ("SGP") for 25 million tons of coal, in accordance with the Service Agreement, which stipulates that IPJ is to receive a fee of USD 0.75 per ton of coal produced and distributed from SGP. The Company had negotiated the price of transferring of such right at USD 6 million, or equivalent to Baht 191.9 million in which the Company separately paid in 2 installments. The Company paid the first payment in February 2018 with amount of USD 4 million or equivalent to Baht 128.0 million. The second payment was paid in April 2018 with amount of USD 2 million or equivalent to Baht 63.9 million. Such right to the fees will be amortised according to the quantity of coal produced and sold from SGP.

## 20. Other non-current assets

Other non-current assets have been shown net of related accumulated amortisation as at 31 December 2019 and 2018 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred expenses - Indonesia				
coal mine project	155,872	218,731	-	-
Deferred stripping costs	323,689	328,037	-	-
Others	7,020	22,433	3,873	3,822
Total other non-current assets	<u>486,581</u>	<u>569,201</u>	<u>3,873</u>	<u>3,822</u>
Amortisation expenses for the year	<u>414,756</u>	<u>440,825</u>	<u>-</u>	<u>-</u>

### Deferred expenses - Indonesia coal mine project

A reconciliation of the net book value of deferred expenses - Indonesia coal mine project for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Exploration and evaluation assets	Deferred exploration and development costs	Total
As at 1 January 2018	35,892	280,882	316,774
Increase during the year	-	31,486	31,486
Transfer in (transfer out)	(32,521)	32,521	-
Amortisation for the year	-	(127,288)	(127,288)
Translation adjustment	(254)	(1,987)	(2,241)
As at 31 December 2018	<u>3,117</u>	<u>215,614</u>	<u>218,731</u>
Increase during the year	-	12,818	12,818
Transfer in (transfer out)	-	13,973	13,973
Amortisation for the year	-	(74,175)	(74,175)
Translation adjustment	(221)	(15,254)	(15,475)
As at 31 December 2019	<u>2,896</u>	<u>152,976</u>	<u>155,872</u>

## Deferred stripping costs

A reconciliation of the net book value of deferred stripping costs for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	328,037	123,315
Increase during the year	366,058	519,131
Write-off during the year	(6,617)	-
Amortisation for the year	(340,581)	(313,537)
Translation adjustment	(23,208)	(872)
Net book value at end of year	<u>323,689</u>	<u>328,037</u>

## 21. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Interest rate		
(percent per annum)		
Promissory notes	2.75 - 2.80	2.75 - 2.95
Trust receipts	2.53 - 2.73	2.75
Bill of purchasing line	0.06 - 3.03	0.06 - 3.10
Total	<u>1,606,854</u>	<u>1,370,413</u>

Movements in short-term loans from financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Balance as at 1 January 2019	1,370,413
Add: Increase during the year	6,730,043
Less: Repayment during the year	(6,479,756)
Translation adjustment	(13,846)
Balance as at 31 December 2019	<u>1,606,854</u>

Credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 17.

As at 31 December 2019, the short-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 25.9 million or equivalent to Baht 779.5 million and Baht 668.7 million totaling of Baht 1,448.2 million (2018: Baht 885.3 million).

## 22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties	-	530	-	530
Trade payables - unrelated parties	433,858	496,300	27,193	39,819
Other payables - unrelated parties	85,190	120,034	4,655	5,067
Total trade and other payables	519,048	616,864	31,848	45,416

## 23. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements of a subsidiary as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	12,342	2,888
Less: Deferred interest expenses	(354)	(83)
Total	<u>11,988</u>	<u>2,805</u>
Less: Current portion	(3,008)	(2,095)
Liabilities under finance lease agreements - net of current portion	<u>8,980</u>	<u>710</u>

The subsidiary has entered into the finance lease agreements with leasing company for rental of office equipment and vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2019		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	3,141	9,201	12,342
Deferred interest expenses	(133)	(221)	(354)
Present value of future minimum lease payments	<u>3,008</u>	<u>8,980</u>	<u>11,988</u>

(Unit: Thousand Baht)

As at 31 December 2018

	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	2,172	716	2,888
Deferred interest expenses	(77)	(6)	(83)
Present value of future minimum lease payments	2,095	710	2,805

**24. Long-term loans from financial institution**

(Unit: Thousand Baht)

Consolidated

financial statements

As at 31 December

No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	2019	2018
1	418.0	3M THBFIX reference rate + 1.95	The loan is repayable within 6 years and is repayable the first installment in the last day of the eighteenth month since the subsidiary withdrew the loan (8 June 2018). The principal is payable in 10 semi-annually installments of Baht 42 million during the first to ninth installment, remaining balance is repayable in the tenth installment and interest is repayable every 3 months.	364,413	327,968
2	300.0	3M THBFIX reference rate + 1.95	The loan is repayable within 5 years and is repayable the first installment in the last day of the sixth month since the Company withdrew the loan (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	239,702	300,000
3	214.1	5.50	The loan is repayable within 5 years 7 months and is repayable the principal in 60 monthly installments with the first installment on 23 April 2020 and the interest is repayable on monthly basis with the first payment on 23 September 2019.	149,824	-
Total				753,939	627,968
Less: Current portion				(166,114)	(102,000)
Long-term loans, net of current portion				587,825	525,968

Movements in the long-term loans from financial institution during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2019	627,968
Add: Additional loan withdrew during the year	228,751
Transaction costs during the year	(1,055)
Amortisation of transaction costs during the year	275
Less: Repayment during the year	(102,000)
Balance as at 31 December 2019	753,939

The loan agreements contain covenants that, among other things, require the subsidiary to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement. As at 31 December 2019 and 2018, the subsidiary could maintain certain financial ratio as specified in the long-term loan agreement.

As at 31 December 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 2 million or equivalent to Baht 60.3 million and Baht 11.2 million, totaling of Baht 71.5 million (2018: Baht 90.0 million).

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Group, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits at</b>				
<b>beginning of year</b>	202,236	198,601	29,924	29,705
Included in income statement:				
Current service cost	21,502	21,879	2,340	2,116
Interest cost	14,468	11,977	1,149	1,010
Past service costs	6,346	(2,066)	6,567	-
Included in statement of comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,157	-	1,157
Financial assumptions changes	16,938	(11,475)	5,673	(1,198)
Experience adjustments	(1,846)	2,885	-	2,357
Benefits paid during the year	(2,075)	(8,618)	-	(5,223)
Translation adjustment	(4,759)	(12,104)	-	-
<b>Provision for long-term employee benefits at</b>				
<b>end of year</b>	<u>252,810</u>	<u>202,236</u>	<u>45,653</u>	<u>29,924</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group had additional long-term employee benefit liabilities of Baht 7.2 million (The Company only: Baht 6.6 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the profit or loss for the year.



The Group expects to pay Baht 21.7 million of long-term employee benefits during the next year (2018: Baht 14.1 million (the Company only: Baht 5.6 million)).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 3 - 15 years (Separate financial statements: 13 years) (2018: 9 - 15 years, separate financial statements: 14 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.52 - 8.21	2.40 - 8.28	1.52	2.96
Salary increase rate	5.00 - 9.00	5.00 - 8.00	6.34	6.34

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

As at 31 December 2019						
	Consolidated financial statements				Separate	
	The group in Thailand		The group in overseas		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5% - 1.0%	0.5% - 1.0%	1.0%	1.0%	0.5%	0.5%
	Discount rate	(2,015)	2,151	(9,659)	11,178	(1,798)
Salary increase rate	2,624	(2,436)	11,656	(9,759)	2,062	(1,951)

(Unit: Thousand Baht)

As at 31 December 2018						
	Consolidated financial statements				Separate	
	The group in Thailand		The group in overseas		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5% - 1.0%	0.5% - 1.0%	1.0%	1.0%	0.5%	0.5%
	Discount rate	(1,200)	1,279	(8,558)	9,538	(1,179)
Salary increase rate	1,404	(1,325)	9,579	(8,742)	1,351	(1,279)

## 26. Provision for mine reclamation and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for		Total
	Provision for mine reclamation	decommissioning costs	
As at 1 January 2018	61,348	14,465	75,813
Increase during the year	33,148	7,089	40,237
Decrease from actual paid	(15,776)	-	(15,776)
Translation adjustment	(5,812)	(557)	(6,369)
As at 31 December 2018	72,908	20,997	93,905
Increase during the year	10,475	597	11,072
Decrease from actual paid	(14,589)	-	(14,589)
Translation adjustment	(1,827)	(1,359)	(3,186)
As at 31 December 2019	66,967	20,235	87,202

## 27. Other non-current liabilities

As at 31 December 2018, an overseas subsidiary had other long-term liability under capital lease agreement from purchase the hauling road and special terminal of USD 2.2 million or approximately Baht 69.8 million and portion due within one year is classified as other current liabilities of USD 0.2 million or approximately Baht 7.2 million. During 2019, the subsidiary settled the liability under capital lease agreement as a whole.

## 28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 29. Provident fund

The Company and a subsidiary and their employees jointly established a provident fund, in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by employees at a rate of 5% of their basic salaries and the Company and the subsidiary also contribute a certain amount. The fund, which is managed by the Bank of Ayudhaya Public Co., Ltd., will be paid to employee upon termination in accordance with the fund rules of the Company and its subsidiary. The contributions of the Company and the subsidiary for the year 2019 amounting to Baht 7.9 million (the Company only: Baht 4.8 million) (2018: Baht 8.3 million (the Company only: Baht 4.9 million)) were recognised as expenses.

## 30. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase of finished goods	1,286,308	1,656,340	836,104	1,168,752
Raw materials and consumables used	1,627,633	1,937,408	-	-
Changes in inventories of finished goods and work in process decrease (increase)	(128,446)	37,591	(3,359)	47,320
Royalty fee	812,229	1,241,609	-	-
Freight and transportation of goods expenses	737,537	793,229	68,956	90,541
Coal winning and conveyance expenses	2,305,307	3,166,592	-	-
Depreciation and amortisation expenses	706,081	731,020	31,663	29,622
Salaries, wages and other employee benefits	240,066	371,910	58,142	57,947
Management benefit expenses	156,385	181,517	39,466	37,138
Electricity and fuel expenses	120,685	94,773	6,292	5,351
Repair and maintenance expenses	54,581	65,489	5,464	6,590
Loss on exchange	-	32,628	17,709	-

### 31. Damage from flood event

In October 2017, it was inundated by flood, which caused the collapse of a part of the vinasse reservoirs at the subsidiary's ethanol plant, resulting in overflows of treated vinasse into a village and some related agricultural areas. The subsidiary therefore had to pay compensation and the Ministry of Industry ordered to shut down its ethanol plant temporarily in order to repair the damaged reservoirs to a safe level. The subsidiary investigated the damages and recorded damage from flood event of Baht 73.3 million and Baht 2.3 million in the income statements for the year 2017 and 2018, respectively.

However, the subsidiary has insurance covering the damages in which sum insured Baht 50 million per each incident. The subsidiary claimed compensation for its losses according to the policy made with the insurer. The insurer agreed to pay the compensation to the subsidiary in the amount of Baht 40 million. Therefore, the subsidiary has recognised this compensation as other income in the income statements for the current year. In October 2019, the subsidiary has already received the full amount of the compensation from the insurance company.

### 32. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	142,876	284,727	1,688	3,047
Adjustment in respect of income tax of previous year	-	2,766	-	-
Withholding tax deducted at source recognised as expenses during the year	42,111	130,268	42,111	130,268
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	7,986	31,610	(2,011)	419
<b>Income tax expenses reported in income statements</b>	<b>192,973</b>	<b>449,371</b>	<b>41,788</b>	<b>133,734</b>

The amount of income tax related to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follow:

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial (gain) loss	(3,959)	2,458	(1,135)	(463)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	984,125	1,497,229	365,692	735,437
Applicable tax rate	10% - 30%	10% - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	233,115	401,807	73,138	147,087
Adjustment in respect of income tax of previous year	-	2,766	-	-
Withholding tax deducted at source recognised as expenses during the year	42,111	130,268	42,111	130,268
Effects of:				
Promotional privileges (Note 33)	(75,151)	(39,670)	-	-
Non-deductible expenses	9,176	15,804	5,192	5,687
Income not subject to tax	(5,541)	(3,946)	(56,875)	(122,826)
Additional expense deductions allowed	(29,673)	(1,837)	(13,356)	(490)
Taxable withholding tax deducted at source expenses	(8,422)	(26,054)	(8,422)	(26,054)
Others	795	12	-	62
Total	(108,816)	(55,691)	(73,461)	(143,621)
Investments in subsidiaries	23,853	(34,104)	-	-
Unrecognised tax loss as deferred tax assets	2,677	4,318	-	-
Translation adjustment	33	7	-	-
Income tax expenses reported in income statements	192,973	449,371	41,788	133,734

A reconciliation of the book value of deferred tax assets and deferred tax liabilities for the years ended 31 December 2019 and 2018 is presented below.

	Consolidated financial statements				Separate financial statements				(Unit: Thousand Baht)
	Recognise to			As at 31 December 2019	Recognise to				
	As at 1 January 2019	income statement	statement of comprehensive income		Translation adjustment	income statement	As at 1 January 2019	statement of comprehensive income	
<b>Deferred tax assets</b>									
Provision for long-term employee benefits	57,569	12,597	3,959	(3,498)	70,627	5,985	2,011	1,135	9,131
Accumulated depreciation - ore, plant and equipment	20,204	(166)	-	(508)	19,530	13,009	-	-	13,009
Inventories	749	8,662	-	294	9,705	-	-	-	-
Government grants	5,250	6	-	-	5,256	-	-	-	-
Capital lease	(34,956)	(12,142)	-	1,978	(45,120)	-	-	-	-
Others	610	910	-	-	1,520	314	-	-	314
<b>Total</b>	<b>49,426</b>	<b>9,867</b>	<b>3,959</b>	<b>(1,734)</b>	<b>61,518</b>	<b>19,308</b>	<b>2,011</b>	<b>1,135</b>	<b>22,454</b>
<b>Deferred tax liabilities</b>									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	134,780	(7,155)	-	(9,587)	118,038	-	-	-	-
Investments in subsidiaries	50,395	23,853	-	-	74,248	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	3,421	-	-	-	-
Accumulated depreciation - assets under financial lease agreements	-	1,155	-	-	1,155	-	-	-	-
<b>Total</b>	<b>188,596</b>	<b>17,853</b>	<b>-</b>	<b>(9,587)</b>	<b>196,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(139,170)</b>				<b>(135,344)</b>	<b>19,308</b>			<b>22,454</b>
Deferred tax assets					25,883				22,454
Deferred tax liabilities					161,227				-
<b>Deferred tax assets (liabilities) - net</b>					<b>(135,344)</b>				<b>22,454</b>

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements				(Unit: thousand Baht)
	As at 1 January 2018	Recognise to income statement	Recognise to statement of comprehensive income	Translation adjustment	As at 31 December 2018	As at 1 January 2018	Recognise to income statement	Recognise to statement of comprehensive income	
<b>Deferred tax assets</b>									
Provision for long-term employee benefits	57,160	3,228	(2,458)	(361)	57,569	5,941	(419)	463	5,985
Accumulated depreciation - ore, plant and equipment	21,052	(793)	-	(55)	20,204	13,009	-	-	13,009
Inventories	2,045	(1,284)	-	(12)	749	-	-	-	-
Government grants	4,877	373	-	-	5,250	-	-	-	-
Capital lease	(2,356)	(32,703)	-	103	(34,956)	-	-	-	-
Others	1,062	(452)	-	-	610	314	-	-	314
Total	83,840	(31,631)	(2,458)	(325)	49,426	19,264	(419)	463	19,308
<b>Deferred tax liabilities</b>									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	101,495	34,083	-	(798)	134,780	-	-	-	-
Investments in subsidiaries	86,813	(34,104)	-	(2,314)	50,395	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	3,421	-	-	-	-
Total	191,729	(21)	-	(3,112)	188,596	-	-	-	-
(107,889)					(139,170)	19,264			19,308
<b>Deferred tax assets (liabilities) - net</b>									
Deferred tax assets					22,577				19,308
Deferred tax liabilities					161,747				-
<b>Deferred tax assets (liabilities) - net</b>					(139,170)				19,308

As at 31 December 2019, the subsidiaries have unused tax losses totaling Baht 57.9 million (2018: Baht 60.2 million), on which deferred tax assets have not been recognised as the subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 57.9 million will expire by year 2024.

### 33. Promotional privileges

Thai Agro Energy Public Company Limited, a subsidiary, has been granted the promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment as follows:

Certificate No.	1760(2)/2546	2078(9)/2551	62-0394-1-04-1-0
Date	26 December 2003	19 November 2008	22 April 2019
1. Promotional privileges for	Manufacture of alcohol	Manufacture of ethanol (99.5%)	Manufacture of alcohol
2. Significant privileges			
2.1 Exemption from corporate income tax on income derived from the promoted operations (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted.	8 years (expired)	8 years (will expire on 1 April 2020)	3 years or not exceed 50 percent of the investment (will expire on 17 March 2022)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1).	5 years	5 years	5 years
2.3 Exemption from import duty on raw and essential materials or products used for manufacture for export commencing from the first import date.	1 year	1 year	-
3. Date of first earning operating income	31 January 2005	2 April 2012	18 March 2019



As a promoted company, the subsidiary has to comply with certain conditions and restrictions provided for in the promotional certificate.

The subsidiary's operating revenues for the years ended 31 December 2019 and 2018 were domestic sales, which were divided between promoted and non-promoted operations, are summarised below:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Revenues from sales		
Promoted operations	2,242,169	1,538,771
Non-promoted operations	291,833	1,157,305
Total	<u>2,534,002</u>	<u>2,696,076</u>

#### 34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to equity holders of the Company (Thousand Baht)	420,584	600,679	323,904	601,703
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.80	1.14	0.62	1.15

### 35. Dividend paid

Dividends paid by the Group for the years ended 31 December 2019 and 2018 are as follows:

#### The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2019</u></b>				
Final dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	157,500	0.30	15 May 2019
The interim dividend in respect of operation income for the period from January to September 2019	Board of Directors' meeting on 21 October 2019	157,500	0.30	20 November 2019
Total		<u>315,000</u>	<u>0.60</u>	
<b><u>2018</u></b>				
Final dividends for 2017	Annual General Meeting of the shareholders on 23 April 2018	246,750	0.47	15 May 2018
The interim dividend in respect of operation income for the period from January to June 2018	Board of Directors' meeting on 17 September 2018	236,250	0.45	16 October 2018
Total		<u>483,000</u>	<u>0.92</u>	

In addition, the Annual General Meeting of the shareholders for 2019 approved to set aside a general reserve of Baht 206.1 million (2018: Baht 297.2 million).

## Local subsidiary

### Thai Agro Energy Public Company Limited

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<b><u>2019</u></b>				
Final dividends in respect of operation income from BOI promoted operation for the period from July to December 2018	Annual General Meeting of the shareholders on 25 April 2019	150,000	0.15	24 May 2019
Interim dividends in respect of operation income from BOI promoted operation for the period from January to June 2019	Board of Directors' meeting on 15 August 2019	200,000	0.20	13 September 2019
Total		<u>350,000</u>	<u>0.35</u>	
<b><u>2018</u></b>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2017	Annual General Meeting of the shareholders on 19 April 2018	50,000	0.05	18 May 2018
The interim dividend in respect of operation income from BOI promoted operation for the period from January to June 2018	Board of Directors' meeting on 16 August 2018	99,985	0.10	14 September 2018
Total		<u>149,985</u>	<u>0.15</u>	

During the year 2019, the Company received dividend income at 51 percent for a total of Baht 178.5 million (2018: Baht 76.5 million).

## Overseas subsidiaries

### PT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<b><u>2019</u></b>				
The second interim dividend for 2018	Board of Directors' meeting on 16 April 2019	1,600	200	26 April 2019
The first interim dividend for 2019	Board of Directors' meeting on 6 September 2019	2,000	250	25 September 2019
The second interim dividend for 2019	Board of Directors' meeting on 12 December 2019	2,000	250	27 December 2019
Total		<u>5,600</u>	<u>700</u>	
<b><u>2018</u></b>				
The third interim dividend for 2017	Board of Directors' meeting on 30 March 2018	10,000	1,250	18 April 2018
Final dividends for 2017	Annual General Meeting of the shareholders on 29 June 2018	5,000	625	26 July 2018
The first interim dividend for 2018	Board of Directors' meeting on 28 September 2018	4,000	500	25 October 2018
Total		<u>19,000</u>	<u>2,375</u>	

During the year 2019, the Company received dividend income at 55 percent for a total of USD 3.1 million or equivalent to Baht 94.5 million. The Company had been withheld the withholding tax deducted at source of Baht 18.9 million (2018: dividend income of USD 10.5 million or equivalent to Baht 333.8 million. The Company had been withheld the withholding tax deducted at source of Baht 66.8 million).

**PT. Singlurus Pratama**

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<b><u>2018</u></b>				
The third interim dividend for 2017	Board of Directors' meeting on 23 March 2018	5,009	630	12 April 2018
Final dividends for 2017	Annual General Meeting of the shareholders on 29 June 2018	3,021	380	31 July 2018
The first interim dividend for 2018	Board of Directors' meeting on 19 October 2018	993	125	3 December 2018
Total		9,023	1,135	

During the year 2018, the Company received dividend income at 65 percent for a total of USD 5.9 million or equivalent to Baht 187.2 million. The Company had been withheld the withholding tax deducted at source of Baht 37.4 million.

**36. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group are organised into business units based on its products, in which the Group recognised revenue at the point in time, and have three reportable segments as follows:

1. Domestic coal segment, which purchases and sells of coal
2. Overseas coal segment, which produces and sells of coal
3. Ethanol segment, which produces and sells of ethanol

During the current year, the local subsidiary has changed the organisation of its reportable segments from the fiscal year 2018, by adding a reportable segment, which is soil conditioner. However, at present the operation of such segment is insignificant.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2019 and 2018, respectively.

	For the years ended 31 December												(Unit: Million Baht)							
	Domestic			Overseas			Ethanol business			Domestic				Adjustments and						
	coal business			coal business						other business				eliminations			Consolidated			
	2019	2018		2019	2018		2019	2018		2019	2018			2019	2018		2019	2018		
Revenue from external customers	987	1,378		5,733	8,461		2,534	2,696		-	-		9,254	12,535		-	-		9,254	12,535
Inter-segment revenue	200	225		285	34		-	-		-	-		485	259		(485)	(259)		-	-
Interest income	6	8		10	15		-	-		-	-		16	23		-	(1)		16	22
Interest expenses	-	-		33	23		37	41		-	-		70	64		-	(1)		70	63
Depreciation and amortisation	32	30		508	544		167	159		-	-		707	733		(1)	(2)		706	731
Share of profit from investment in associated company accounted for by the equity method	7	12		-	-		-	-		-	-		7	12		-	-		7	12
Income tax expenses	42	134		111	322		16	27		-	-		169	483		24	(34)		193	449
Segment profit	354	387		2,403	3,660		610	438		-	-		3,367	4,485		(201)	(218)		3,166	4,267
Segment total assets	2,956	2,965		3,572	3,724		4,137	3,772		2	4		10,667	10,465		(932)	(819)		9,735	9,646
Investment in associated company accounted for by equity method	20	24		-	-		-	-		-	-		20	24		-	-		20	24
Additions to non-current assets other than financial instruments and deferred tax assets	8	427		61	172		68	358		-	-		137	957		-	3		137	960

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	3,675,669	4,786,148
India	2,592,923	4,495,705
Singapore	1,040,299	1,054,956
Dubai	447,699	534,273
China	110,811	289,767
South Korea	63,465	454,724
Others	1,322,948	919,639
Total	<u>9,253,814</u>	<u>12,535,212</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,805,819	3,731,210
Indonesia	1,630,659	1,572,676
Total	<u>5,436,478</u>	<u>5,303,886</u>

## Major customers

During the year 2019, the Group have revenue from 5 major customers in amount of Baht 4,005 million and Baht 1,133 million, arising from sales by the coal business and ethanol business, respectively (2018: revenue from 5 major customers in amount of Baht 5,516 million and Baht 1,203 million, arising from sales by the coal business and ethanol business, respectively).

### **37. Significant contracts and agreements**

37.1 In 1998, PT. Lanna Harita Indonesia had been granted the right under a Coal Contract of Work ("CCOW") from the Indonesian government to explore for and exploit coal for a period of thirty years in a total survey area of 30,018 hectares in Tanah Merah in Samarinda and Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract. Subsequently on 17 January 2018, the subsidiary amended certain condition in the contract with the Indonesian government.

37.2 In 1997, PT. Singlurus Pratama was granted the right under a Coal Contract of Work ("CCOW") from the Indonesian government to explore for and exploit coal for a period of thirty years beginning at the commencement of the first mining operation in a total survey area of 24,760 hectares in Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract. In February 2009, the subsidiary received the consent from Indonesian government to start the production activities. Subsequently on 17 January 2018, the subsidiary amended certain conditions in the contract with the Indonesian government.

37.3 On 20 May 2009, PT. Singlurus Pratama entered into the marketing and technical service agreements with the Company and entered into assistance service agreement with a company in Indonesia. The service fees are charged on the basis and at the rates as stipulated in the agreements.

Subsequently on 29 October 2016, PT. Singlurus Pratama has made the agreement to amend the service fees to the new rates as stipulated in the agreements. This agreement shall be effective retroactively as of 1 August 2016.

### **38. Commitments and contingent liabilities**

#### **38.1 Capital commitments**

As at 31 December 2019, the Group had capital commitments of Baht 44.3 million relating to the subsidiaries' construction of Wastewater Evaporation Plant, port loading conveyor, and other construction projects (2018: Baht 286.5 million relating to the construction of the Company's coal screening plant and the subsidiaries' construction of Wastewater Evaporation Plant, port loading conveyor, and other construction projects).



### 38.2 Operating lease commitments

- a) The Group have entered into several lease agreements in respect of the lease of office building space, vehicles and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2019 and 2018, future minimum payment under these lease and service agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
In up to 1 year	45	41	12	12
In over 1 and up to 5 years	26	40	18	9

- b) On 13 April 2017, PT. Singlurus Pratama ("SGP") entered into the land compensation agreement with PT. Alam Jaya Persada ("AJP") to utilise the palm oil plantation in order to conduct mining activity for 5 years from 2017 to 2021. SGP is to pay fixed service fee for land utilisation and infrastructure based on quantity of production throughout the agreement period in Mutiara site.

### 38.3 Long-term service and purchase commitments

- a) The Group had commitments under several service agreements in respect of the security service, car maintenance service and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2019 and 2018, future minimum payments under these agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
In up to 1 year	4.6	2.1	0.9	0.9
In over 1 year and up to 5 years	0.3	1.0	0.2	1.0

- b) The Group had commitments under service agreements regarding the legal consulting, the consulting for finance and management, the consulting for mining, environment and safety and other consulting of Baht 22.0 million (the Company only: Baht 22.0 million) (2018: Baht 8.7 million (the Company only: Baht 8.7 million)).

- c) The Company had commitments under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreement.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary had commitments under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison. For the sixth year onwards, the price is to be determined in each year. The quantity to purchase of molasses are those stipulated in the agreement.

#### **38.4 Coal supply agreement commitments**

PT. Lanna Harita Indonesia and PT. Singlurus Pratama have coal supply commitments to domestic customers in accordance with the Domestic Market Obligation regulation required by the Indonesian government.

#### **38.5 Guarantees**

As at 31 December 2019, the Group had bank guarantees of approximately Baht 6 million and Rupiah 9,500 million (the Company only: Baht 0.9 million) (2018: Baht 6 million and Rupiah 9,500 million (the Company only: Baht 0.9 million)) issued by banks on behalf of the Group in respect of mine reclamation of the overseas subsidiaries to the government and guarantee for the contractual performance for using of electric to the Provincial Electricity Authority.

### 39. Litigation

On September 2011, a company sued the subsidiary for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The subsidiary submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case has been finalised on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order that company to make payments for purchases of cassava chip that the subsidiary paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2011 (the countersue date) until completion of payment. Now the execution of judgment is in process.

In addition, on 18 May 2018, the subsidiary sued that company for bankruptcy case. The Bankruptcy court passed the judgment on 29 May 2019 that the case was thrown out as that company has the right to claim with a debtor which is a government agency then that company has not become insolvent yet. The subsidiary has already made attachment of the claim.

The subsidiary recorded allowance for impairment in advance paid to that company for a whole amount. Subsequently, on 13 August 2019, the subsidiary received partial payment of Baht 0.2 million from that company. The subsidiary recorded such amount as reversal of the allowance for impairment in advance payment for purchase of goods, which was presented as revenue in the income statement for the current year.

### 40. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
<b>Asset measured at fair value</b>				
Held for trade investments - Open funds	402,336	402,336	400,080	400,080
<b>Assets for which fair value are disclosed</b>				
Investment property	32,423	32,423	32,423	32,423

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
<b>Asset measured at fair value</b>				
Held for trade investments - Open funds	496,386	496,386	491,050	491,050
<b>Assets for which fair value are disclosed</b>				
Investment property	32,423	32,423	32,423	32,423

## 41. Financial instruments

### 41.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Group are exposed to credit risk primarily with respect to trade accounts receivable. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

#### ***Interest rate risk***

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, and interest bearing short-term and long-term borrowings. However, since most of financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1 - 5 years				(% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	220	-	258	-	478	0.10 - 6.50
Current investments	209	-	-	403	612	1.55 - 2.70
Trade and other receivables	1	-	-	705	706	6.87
Restricted bank deposits	106	-	-	-	106	0.75 - 6.25
	536	-	258	1,108	1,902	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,607	-	-	-	1,607	0.06 - 2.80
Trade and other payables	-	-	-	519	519	-
Liabilities under finance lease agreements	3	9	-	-	12	0.27 - 2.46
						3MTHBFIIX+1.95,
Long-term loans	22	128	604	-	754	5.50
	1,632	137	604	519	2,892	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1 - 5 years				(% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	234	-	370	1	605	0.10 - 7.50
Current investments	150	-	-	496	646	2.70 - 2.80
Trade and other receivables	-	-	-	1,090	1,090	-
Restricted bank deposits	105	-	-	-	105	0.50 - 6.75
	489	-	370	1,587	2,446	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,370	-	-	-	1,370	0.06 - 3.10
Trade and other payables	-	-	-	617	617	-
Liabilities under finance lease agreements	2	1	-	-	3	0.27 - 15.32
Long-term loans	-	-	628	-	628	3MTHBFIIX+1.95
	1,372	1	628	617	2,618	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2019					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
<b>Financial assets</b>					
Cash and cash equivalents	-	125	-	125	0.10 - 1.40
Current investments	209	-	400	609	1.55 - 2.70
Trade and other receivables	-	-	122	122	-
	<u>209</u>	<u>125</u>	<u>522</u>	<u>856</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	32	32	-
	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2018					
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)	
<b>Financial assets</b>					
Cash and cash equivalents	-	156	-	156	0.10 - 1.10
Current investments	150	-	491	641	2.70 - 2.80
Trade and other receivables	-	-	188	188	-
	<u>150</u>	<u>156</u>	<u>679</u>	<u>985</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	45	45	-
	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>	

### Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The Company had balances of financial assets and liabilities denominated in foreign currencies as follows:

As at 31 December 2019				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2019	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	8.9	-	29.9767	30.3313

As at 31 December 2018				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2018	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	6.1	0.01	32.2848	32.6148

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below:

As at 31 December 2019			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual maturity date
	(Million)		
US dollar	1.0	30.33 - 30.56	March - June 2020

As at 31 December 2018			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual maturity date
	(Million)		
US dollar	0.5	32.54	February 2019

## 41.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates or fixed interest rates which are close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

## **42. Capital management**

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.63:1 (2018: 0.63:1) and the Company's debt-to-equity ratio was 0.04:1 (2018: 0.04:1).

## **43. Events after the reporting period**

### **The Company**

On 3 February 2020, the Board of Directors Meeting passed a resolution on approving Lanna Power Generation Company Limited to increase its registered capital from Baht 10 million (2 million shares of Baht 5 each) to Baht 300 million (60 million shares of Baht 5 each), by issuing ordinary shares of Baht 290 million (58 million shares of Baht 5 each). On 21 February 2020, the Company exercised its right and made the subscription payment for the newly issued share at 50 percent totaling of Baht 145 million (58 million shares of Baht 2.5 each). The subsidiary registered the increase in share capital with the Ministry of Commerce on 24 February 2020.

### **Local subsidiary**

#### Lanna Power Generation Company Limited

On 20 February 2020, the Extraordinary General Meeting of shareholders passed a resolution on approving the investment in SRT Power Pallet Company Limited, whose operation is to manufacture and distribute wood pallets. Currently, it has been in process.

## **44. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 27 February 2020.



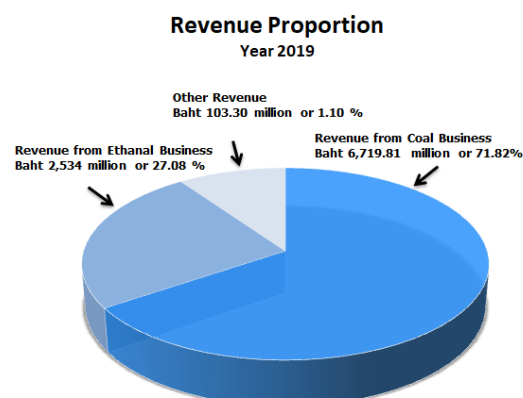
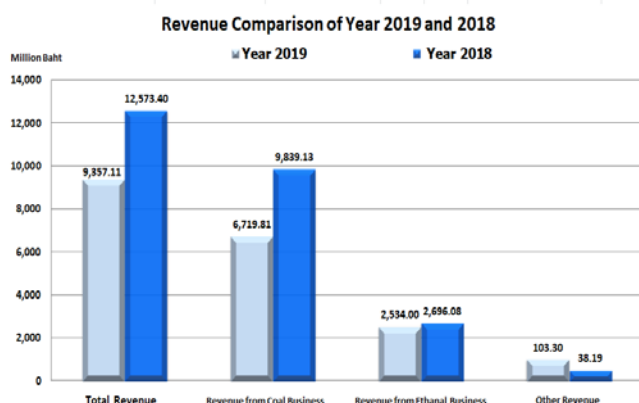
## MANAGEMENT DISCUSSION AND ANALYSIS

(For the Consolidated Financial Statements of year 2019)

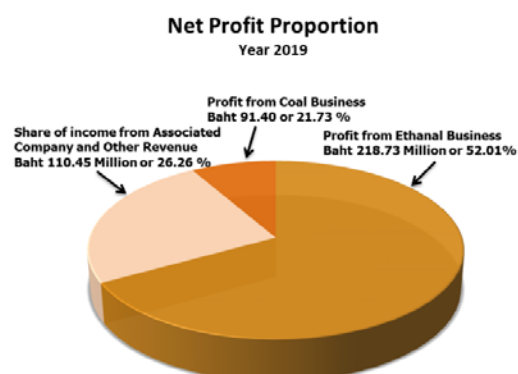
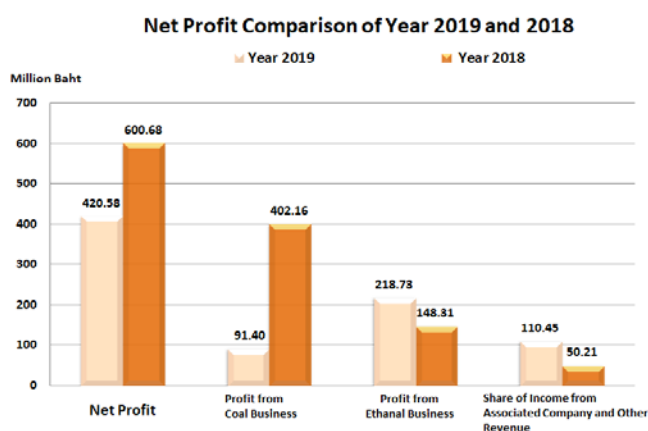
### OVERALL OPERATING RESULTS

The overall operating results during year 2019 of the Company and subsidiary companies are still considered a good achievement in terms of revenue and profit, despite the fact that coal prices had been declining and the Indonesian Government policy (Domestic Market Obligation) has become more stringent, which stipulates higher portion of coal supply to the domestic consumers with lower selling price than that of export. For the ethanol-for-fuel business, which is the secondary core business, has continued to be profitable and earned the highest profit since the start of the business for 15 years due to the decrease in molasses price, which is the raw material and major cost, and to the good ethanol production yield.

The Company and subsidiary companies had total revenue in year 2019 of Baht 9,357.11 million, which decreased from the previous year by Baht 3,216.29 million or 25.58 percent. The revenue proportion from coal business, ethanol business and other revenue accounted for 71.82, 27.08 and 1.10 percent, respectively.



The Company and subsidiary companies had total net profit during year 2019 of Baht 420.58 million, which decreased from the previous year by Baht 180.10 million or 29.98 percent with net earnings per share of Baht 0.80. The net profit proportion from coal business, ethanol business, and share of income from associated company and other revenue accounted for 21.73, 52.01 and 26.26 percent, respectively, with the net profit margin of 8.46 percent, the EBITDA margin of 18.81 percent, and the return on equity of 9.64 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at December 31, 2019 were considered in good standing. The current ratio was as high as 1.61 times and the total debt to total assets ratio was at the low level of only 38.57 percent with debt to equity ratio of only 62.78 percent.

**Operating Results of the Coal Business or the Core Business:** The total revenue of the Company and subsidiary companies in year 2019 were Baht 6,719.81 million, which decreased from the previous year by Baht 3,119.32 million or 31.70 percent and the net profit derived from shareholding proportion of the Company were Baht 91.40 million, which decreased from the previous year by Baht 310.76 million or 77.27 percent due to the decrease in coal sales volume and the average coal selling price from the previous year of 14.05 and 20.53 percent respectively, by which the coal prices had been declining since the second half of 2018.

**Operating Results of the Ethanol-for-Fuel Business or the Secondary Core Business:** The revenue from ethanol business in year 2019 was Baht 2,534 million, which decreased from the previous year by Baht 162.08 million or 6.01 percent and the net profit derived from shareholding proportion of the Company were Baht 218.73 million, which increased from the previous year by Baht 70.42 million or 47.48 percent, due to the increase in ethanol sales volume of 1.03 percent but the average ethanol selling price decreased by 7 percent, which is still consistently profitable and quite satisfactory.

#### OPERATING RESULTS ANALYSIS

Revenue (Unit: Million Baht)	Year 2019		Year 2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Coal Sales	6,719.81	71.82	9,839.13	78.25	(3,119.32)	(31.70)
Revenue from Ethanol Sales	2,534.00	27.08	2,696.08	21.44	(162.08)	(6.01)
Other Revenue	103.30	1.10	38.19	0.31	65.11	170.49
<b>Total Revenue</b>	<b>9,357.11</b>	<b>100.00</b>	<b>12,573.40</b>	<b>100.00</b>	<b>(3,216.29)</b>	<b>(25.58)</b>

**REVENUE:** Revenue of the Company and subsidiary companies in year 2019 totaled Baht 9,357.11 million, which decreased from the previous year by Baht 3,216.29 million or 25.58 percent due to the following reasons:

(1) Revenue from coal business totaled Baht 6,719.81 million, which decreased from the previous year by Baht 3,119.32 million or 31.70 percent. This was due to the decrease in coal sales volume and coal selling price as described above.

(2) Revenue from ethanol business totaled Baht 2,534 million, which decreased from the previous year by Baht 162.08 million or 6.01 percent. This was due to the decrease in ethanol selling price as described above; and

(3) Other revenue totaled Baht 103.30 million, which increased from the previous year by Baht 65.11 million or 170.49 percent. This was due to the subsidiary company having received insurance compensation for damage from flooding incident in year 2017 of Baht 40 million and increase in foreign exchange gain of Baht 17.56 million.

Expenses (Unit: Million Baht)	Year 2019		Year 2018		Increase (Decrease)	
	Million Baht	% Sales	Million Baht	% Sales	Million Baht	% Sales
<b>Coal Business</b>						
Cost of sales	4,163.84	61.96	6,010.43	61.09	(1,846.59)	(30.72)
Selling and administrative expenses	2,135.67	31.78	2,679.41	27.23	(543.74)	(20.29)
Financial cost	33.15	0.49	22.27	0.23	10.88	48.85
Corporate income tax	176.85	2.63	421.88	4.29	(245.03)	(58.08)
<b>Ethanol Business</b>						
Cost of Sales	1,924.47	75.95	2,257.91	83.75	(333.44)	(14.77)
Selling and Administrative Expenses	86.22	3.40	77.38	2.87	8.84	11.42
Financial Expense	36.79	1.45	40.79	1.51	(4.00)	(9.81)
Corporate Income Tax	16.12	0.64	27.49	0.61	(11.37)	(41.36)

**COAL BUSINESS EXPENSES :** Coal business expenses of the Company and subsidiary companies in year 2019 totaled Baht 6,509.51 million, which decreased from the previous year by Baht 2,624.48 million or 28.73 percent, due to the following reasons:

(1) Cost of coal sales decreased from the previous year by Baht 1,846.59 million or 30.72 percent, due to the decrease in coal sales volume and the average cost of coal sales of 14.05 and 19.39 percent, respectively.

(2) Selling and administrative expenses decreased from the previous year by Baht 543.74 million or 20.29 percent due to the decrease in coal sales volume as described above.

(3) Financial expense increased from the previous year by Baht 10.88 million or 48.85 percent due to the increase in interest expense; and

(4) Corporate income tax decreased from the previous year by Baht 245.03 million or 58.08 percent due to the decrease in profit.

**ETHANOL BUSINESS EXPENSES:** Ethanol business expenses of the subsidiary company in year 2019 totaled Baht 2,063.60 million, which decreased from the previous year by Baht 339.97 million or 14.14 percent, due to the following reasons:

(1) Cost of ethanol sales decreased from the previous year by Baht 333.44 million or 14.77 percent. Despite the increase in ethanol sales volume of 1.03 percent but the average cost of ethanol sales decreased by 15.60 percent due to the decrease in molasses price of 19.38 percent, which is the raw material and major cost.

(2) Selling and administrative expenses increased from the previous year by Baht 8.84 million or 11.42 percent due to the increase in freight cost and employee benefits expenses.

(3) Financial expense decreased from the previous year by Baht 4 million or 9.81 percent due to the decrease in interest expense from partial loan repayment; and

(4) The corporate income tax decreased from the previous year by Baht 11.37 million or 41.36 percent as the Ethanol Production Line No. 1 has received additional corporate income tax exemption according to the investment promotion from improvement of ethanol production efficiency to reduce the environment impact.

Gross Profit (Unit : Million Baht)	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Year 2019</b>						
Revenues from sales	6,719.81	100.00	2,534.00	100.00	9,253.81	100.00
Less Cost of sales	4,163.84	61.96	1,924.47	75.95	6,088.31	65.79
<b>Gross Profit</b>	<b>2,555.97</b>	<b>38.04</b>	<b>609.53</b>	<b>24.05</b>	<b>3,165.50</b>	<b>34.21</b>
<b>Year 2018</b>						
Revenues from sales	9,839.13	100.00	2,696.08	100.00	12,535.21	100.00
Less Cost of sales	6,010.43	61.09	2,257.91	83.75	8,268.34	65.96
<b>Gross Profit</b>	<b>3,828.70</b>	<b>38.91</b>	<b>438.17</b>	<b>16.25</b>	<b>4,266.87</b>	<b>34.04</b>

**GROSS PROFIT :** Gross profit of the Company and subsidiary companies in year 2019 totaled Baht 3,165.50 million, or 34.21 percent of the sales revenue, which decreased from the previous year with the gross profit of Baht 4,266.87 million or 34.04 percent of the sales revenue, due to the following reasons:

(1) Gross profit from coal business was 38.04 percent of the sales revenue, which decreased from the previous year with gross profit of 38.91 percent of the sales revenue. This was due to the decrease in average coal selling price of 20.53 percent, while the cost of coal sales decreased by only 19.39 percent; and

(2) Gross profit from ethanol business was 24.05 percent of the sales revenue, which increased from the previous year with gross profit of 16.25 percent of the sales revenue. Despite the decrease in average ethanol selling price of 7 percent but the average cost of ethanol sales decreased by 15.60 percent due to the decrease in molasses price, which is a raw material and a major cost as described above.

Net Profit (Unit: Million Baht)	Year 2019		Year 2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit from Coal Business	91.40	21.73	402.16	66.95	(310.76)	(77.27)
Profit form Ethanol Business	218.73	52.01	148.31	24.69	70.42	47.48
Share of Income from Associated Company and Other Revenue	110.45	26.26	50.21	8.36	60.24	119.98
Net Profit	420.58	100.00	600.68	100.00	(180.10)	(29.98)
Net Earnings per share (Baht per share)	0.80		1.14		(0.34)	(29.98)
Remarks: Registered par value of Baht 1 per share						

**NET PROFIT:** The net profit of the Company and subsidiary companies in year 2019 totaled Baht 420.58 million, which decreased from the previous year by Baht 180.10 million with net earnings per share of Baht 0.80, which decreased from the previous year by Baht 0.34 per share or 29.98 percent due to the following reasons:

(1) Net profit from coal business derived from shareholding proportion of the Company was Baht 91.40 million or 21.73 percent of the total net profit, which decreased from the previous year by Baht 310.76 million or 77.27 percent. This was due to the decrease in coal sales volume and coal selling price as described above.

(2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 218.73 million or 52.01 percent of the total net profit, which increased from the previous year by Baht 70.42 million or 47.48 percent due to the decrease in molasses price, which is a raw material and a major cost as described above; and

(3) Other revenue and share of income from associated company were Baht 110.45 million or 26.26 percent of the total net profit, which increased from the previous year by Baht 60.24 million or 119.98 percent having received insurance compensation for damage from flooding incident in year 2017 and increase in foreign exchange gain, as described above.

#### **EARNINGS EFFICIENCY**

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in year 2019 was Baht 1,760.14 million, which decreased from the previous year by Baht 531.17 million or 23.18 percent and EBITDA margin was at 18.81 percent, which increased from the previous year by 3.22 percent.

(2) Net profit margin of the Company and subsidiary companies in year 2019 was at 8.46 percent, which decreased from the previous year by 1.45 percent.

(3) Return on equity of the Company and subsidiary companies in year 2019 was at 9.64 percent, which decreased from the previous year by 30.88 percent.

(4) Return on total assets of the Company and subsidiary companies in year 2019 was at 8.16 percent, which decreased from the previous year by 28.24 percent. The return on fixed assets in year 2019 was at 34.92 percent, which decreased from the previous year by 23.79 percent.

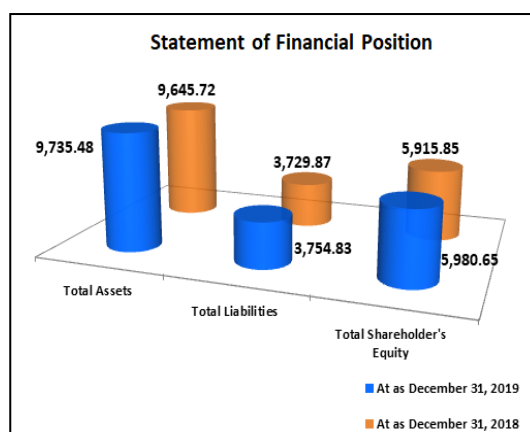
## STATEMENTS OF FINANCIAL POSITION

Description	Unit: Million Baht		Increase (Decrease)	
	As at December 31, 2019	As at December 31, 2018	Million Baht	%
Total Assets	9,735.48	9,645.72	89.76	0.93
Total Liabilities	3,754.83	3,729.87	24.96	0.67
Total Shareholders' Equity	5,980.65	5,915.85	64.80	1.10
<b>Book Value-Baht per Share</b>	<b>8.31</b>	<b>8.31</b>	<b>0.00</b>	<b>0.00</b>
<b>Remark: Registered par value of Baht 1 per share</b>				

**ASSETS:** The total assets of the Company and subsidiary companies as at December 31, 2019 was Baht 9,735.48 million, which increased from the previous year by Baht 89.76 million or 0.93 percent, due to (1) current assets decreased by Baht 46.14 million or 1.07 percent, consisting of: (A) cash and cash equivalent decreased by Baht 162.51 million or 12.98 percent; (B) trade accounts receivable and other accounts receivable decreased by Baht 383.42 million or 35.19 percent; (C) inventories increased by Baht 359.70 million or 97.31 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., increased by Baht 140.09 million or 8.71 percent; and (2) non-current assets increased by Baht 135.90 million or 2.55 percent.

**LIABILITIES:** The total liabilities of the Company and subsidiary companies as at December 31, 2019 was Baht 3,754.83 million, which increased from the previous year by Baht 24.96 million or 0.67 percent, due to (1) trade accounts payable and other accounts payable decreased by Baht 97.81 million or 15.86 percent (2) short-term loan and long-term loan of the subsidiary company increased by Baht 362.40 million or 18.13 percent (3) accrued expenses, most of which were overburden removal expenses and freight cost, etc., decreased by Baht 222.35 million or 38.07 percent; and (4) other liabilities, most of which were the lease agreement on coal loading jetty acquisition and provision for mine rehabilitation of the subsidiary company and allowance for long-term benefits of employees, etc., decreased by Baht 17.28 million or 3.25 percent.

**TOTAL SHAREHOLDERS' EQUITY:** The total shareholders' equity of the Company and subsidiary companies as at December 31, 2019 was 5,980.65 million, which increased from the previous year by Baht 64.80 million or 1.10 percent, which is equivalent to the previous year of Baht 8.31 per share. This was due to (1) an increase in retained earnings of Baht 97.18 million or 3.12 percent due to an increase in net profit of Baht 420.58 million but there was a dividend payment of Baht 315 million and losses adjustment in other comprehensive income of Baht 8.40 million (2) a net decrease in translation adjustment in financial of Baht 96.52 million or 226.54 percent; and (3) an increase in minority shareholders' equity of Baht 64.14 million or 4.13 percent.



## CASH FLOWS

Description	Unit: Million Baht	
	Year 2019	Year 2018
Cash Flows from (used in) Operating Activities	1,122.32	1,071.15
Cash Flows from (used in) Investing Activities	(935.18)	(1,464.32)
Cash Flows from (used in) Financing Activities	(346.95)	(120.86)
Increase (Decrease) in Translation Adjustments in Financial Statements	32.07	(8.68)
Net Increase (Decrease) in Cash	(127.74)	(522.71)
Cash at the beginning of the period	605.36	1,128.07
<b>Cash at the end of the period</b>	<b>477.62</b>	<b>605.36</b>

(1) The net cash from operating activities of the Company and subsidiary companies in year 2019 totaled Baht 1,122.32 million, consisting of (A) income before corporate income tax and interest expense of Baht 984.13 million; (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were mostly transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 799.31 million; (C) an increase in operating assets of Baht 14.78 million; (D) a decrease in operating liabilities of Baht 254.95 million; and (E) an increase in interest received of Baht 16.01 million; and (F) an increase in interest expense and taxes of Baht 407.40 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in year 2019 totaled Baht 935.18 million, consisting of (A) properties, buildings and equipment, most of which were the coal transport jetty construction of the Company and wastewater treatment system construction of the subsidiary companies increased by Baht 601.76 million (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 378.70 million; and (C) short-term capital investment and other items decreased by Baht 45.28 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in year 2019 totaled Baht 346.95 million, consisting of (A) an increase in loan of Baht 373.22 million, (B) cash payment under investment lease agreement of Baht 101.48 million (C) dividend payment of Baht 563.78 million; and (D) a decrease in minority shareholders' equity of Baht 54.91 million.

## ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at December 31, 2019 were 7.25 percent of total assets. The provisions of doubtful debts are considered based on review of receivable period and assessment of past debt collection experience. Accordingly, there was no provision of doubtful debt in year 2019.

(2) Inventory of the Company and subsidiary companies as at December 31, 2019 was 7.49 percent of total assets without deterioration or impairment of the products. Therefore, there was no allowance for impairment loss of inventory in year 2019.

(3) The Company's goodwill incurred from investment in the subsidiary company in Indonesia as at December 31, 2019 was accounted for 1.91 percent of total assets, by which the Company considered financial projection and impact in various aspects and found that it was not yet necessary for provision of goodwill impairment from investment in year 2019.

## LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The total debt-to-equity ratio of the Company and subsidiary companies as at December 31, 2019 was as low as 0.63:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(2) The current ratio of the Company and subsidiary companies as at December 31, 2019 was as high as 1.61 times despite the quick ratio was only 0.67 times but there was no liquidity problem. The Company and subsidiary companies have credit facilities sufficient for future investment projects.

(3) The cash cycle of the Company and subsidiary companies in year 2019 was only 38 days an increase from the previous year of 9 days. The average debt collection period was at 34 days, which increased from the previous year by 1 day. The average inventory turnover was at 32 days an increase from the previous year of 15 days, but the average debt repayment period was at 28 days, which increased from the previous year by 7 days.

#### **DEBT OBLIGATION**

The subsidiary company in a business of ethanol production and distribution for fuel purpose has obligation according to the terms and conditions of the loan agreement with a local commercial bank as follows:

(1) The subsidiary company must maintain its debt to equity ratio (D/E ratio) not exceeding 2.5 times and debt service coverage ratio (DSCR) of no less than 1.10 times until the expiration of the loan agreement. The subsidiary company is able to maintain the D/E ratio and DSCR as required by the contractual obligation of the loan without any default.

(2) The lending bank has stipulated that the Company must maintain its shareholding proportion in the subsidiary company of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to sell or decrease its shareholding proportion in the subsidiary company to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the subsidiary company cannot pay dividend to its shareholders, including the Company, if the subsidiary company cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio, DSCR, and shareholding proportion of the Company in the subsidiary company, etc. Accordingly, the subsidiary company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

#### **FUTURE TREND**

**Coal Business:** It is expected that the operating results of the coal business, which is a core business, will continue to be profitable in year 2020, despite the fact that coal prices had been declining and the Indonesian Government policy became more stringent. Nevertheless, coal is still the world's primary fuel with increase in utilization rate every year, due to the fact that coal is less expensive than other types of fuel. The Company and subsidiary companies will endeavor to manage and resolve problems with prudence in order to reduce costs and various expenses to be as low as possible to maintain good operating results.

**Ethanol Business:** It is expected that the operating results of the ethanol business, which is a secondary core business, will continue to be profitable in year 2020, despite the increase in molasses price, which is the raw material and major cost, due to the decrease in sugar production resulted from the drought. Nevertheless, the subsidiary company has developed technology to be able to use other raw materials to substitute molasses, as well as the wastewater evaporation plant with capacity of 3,000 cubic meters per day (Evaporator System for Bio Methanated Spent Wash), which is under construction and during the commissioning process, and is deemed an effective and sustainable solution for treatment of wastewater from the ethanol production process to reduce the environment impact. In addition, water resource consumption can be significantly reduced by over 90 percent as water condensation from the spent wash evaporation process can be reused for ethanol production process with excess electricity produced from this project that can be used in ethanol production plant to save electricity consumption. Furthermore, potassium humate will be derived as a by-product from this wastewater evaporation process at approximately 50,000 metric tons per year, which can be sold for additional revenue and profit, with commercial revenue from sale of potassium humate expected in the middle of 2020.

**Overall Business:** The overall operating results of the coal business, which is a core business, and the ethanol business, regarded as a secondary core business, are expected to continue to be profitable in year 2020 and enable the Company to proceed with regular dividend payments to shareholders according to the established policy.

## CORPORATE SOCIAL RESPONSIBILITY

With focus on social responsibility in every aspect of operation, the Company has been pursuing sustainable development by integrated the corporate social responsibility to the business operations including community, society and environment, encompassing the following eight topics:

- Fair Business Conduct
- Anti-Corruption Measures
- Respect for Human Rights
- Equitable Treatment to Workforce
- Responsibilities toward Consumers and Customers
- Environmental Responsibility and Preservation
- Community and Social Development
- Innovation and Dissemination of Innovation through CSR Activities

### FAIR BUSINESS CONDUCT

In order to ensure fair business conduct, guidelines dealing with stakeholders are established in the Code of Conduct by focusing on responsibility toward shareholders, employees, customers, business partners, community, society, and environment. The guidelines have been established not only as required by the laws and regulations but have also included prohibition on actions that violate the rights of above-mentioned stakeholders.

#### Policy on Fair Business Conduct

(1) Will not engage in business activities and any actions that could damage the reputation of the country, natural resources and environmental condition and the overall society.

(2) Support activities that are beneficial to the community and society overall. Be conscious in the conservation of the environment and local culture and tradition.

(3) Encourage moral principles or conscience and responsibilities to the overall communities among the employees at every level seriously and on a regular basis. Enhance the quality and security of the overall community, society, and environment by its own initiative or participation with the government sector.

(4) Strictly comply with or supervise on compliance with all relevant laws.

(5) Will not cooperate or support any person involving in illegal business or destructive to the society and security of the country and oppose to any forms of corruption.

#### Policy on Responsibility toward Shareholders

(1) Develop the business based on actual potential and capability to ensure sustainable return for shareholders from effective operation and good profitability.

(2) Respect the equitable right of shareholders for access of necessary information, and disclose factual operating results, financial status, and related information as required by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

(3) Treat shareholders with equality without restraining the right of shareholders to Company's information and attendance of shareholders' meeting. For example, never abruptly disseminate additional documents with important information on the day of the meeting, never add additional meeting agenda or change important information without notice to shareholders, never prohibit attendance of late shareholders, allow minority shareholders to propose a topic to be added in the meeting agenda in advance, allow proposition of qualified persons for directorial position of the Company, and allow the shareholders to submit related questions prior the meeting, etc.

#### Policy on Conflict of Interest

(1) Employees shall avoid having conflict of interest of oneself with the interest of the Company while dealing with business partners and other related persons.

(2) During employment and post-employment, employees shall not disclose confidential information of the Company to anyone, whether the electronic information, financial information, business information, business plan, or other important matters.



(3) Employees who become directors or consultants of other companies, organization, or business association shall not have any conflict of interest and have a prior approval from the Board of Directors and/or supervisors.

(4) In case of an employee or their family members participate or hold shares in any business which may have a conflict of interest, the Chief Executive Officer or Managing Director must be immediately notified in writing.

(5) Employees shall not guarantee and/or borrow money from business partners of the Company except financial institution due to the fact that it may directly or indirectly influence the operation as representative of the Company.

(6) Employees shall never offer gratuity or assets of the Company to others without permission or approval from authorized supervisors.

(7) Employees shall fully devote their time and effort for the business of the Company. In case that necessitates additional part time job for additional income or other purposes, the nature of the job must not violate any law or upset the peace and morality of the populace, not be a conflict of interest of the Company, not adversely affect the reputation and operation of the Company, not abuse the confidential information of the Company, and not affect the responsible tasks, etc.

### **ANTI-CORRUPTION MEASURES**

The Company is committed to anti-corruption in every form. The Board of Directors has established a regulation concerning anti-corruption for raising of the awareness of directors, executives, and employees at every level about the danger of corruption, instilling proper values, and inspiring confidence of all stakeholders for sustainable development of the corporation in long-term. Accordingly, the Company has been officially certified as a member of “Thailand’s Private Sector Collective Action Coalition Against Corruption” since 2015 and has been re-certified its membership for another 3 years until November 5, 2021.

#### **Anti-Corruption Policy**

All directors, executives and employees of the Company at every level are prohibited from engaging in or tolerating any forms of corruption, directly or indirectly, for both local and overseas businesses and all relevant work units. Regular inspections and reviews of the work are arranged to ensure compliance with the anti-corruption policy. Also, guidelines and regulations are regularly reviewed for conformity with changes in business condition, relevant rules, regulation and legal provision. The policy is as follows:

(1) All directors, executives and employees at every level must adhere to the anti-corruption policy and code of conduct by not involving in any corruption activities, directly or indirectly.

(2) All employees of the Company at every level must not neglect or ignore when witnessing any corruption activities related to the Company and must immediately notify the supervisors or related persons for acknowledgment and cooperate in the investigation. If in doubt, the employee should consult with the supervisors or the person assigned by the Company to be responsible on matters related to the code of conduct through established channels.

(3) The Company shall protect the employee who has notified and reported on the corruption activities as specified under Company’s policy on the whistleblowing or complaints by stakeholders.

(4) The person involved in the corruption activity is considered in violation of the code of conduct and must be put through disciplinary actions as stipulated in the Company’s regulation. In addition, such person may be punishable by law if illegal action has been committed.

(5) The Company recognizes the importance in educating the third-parties who conduct business with the Company about the compliance with the anti-corruption policy.

#### **Guidelines concerning Anti-Corruption**

(1) This Anti-Corruption policy covers personnel management including, recruitment, promotion, training, performance evaluation, and remuneration. Supervisors at every hierarchical level need to communicate with employees to ensure effective compliance.

(2) Any measures according to the anti-corruption policy shall follow the guidelines established in the Corporate Governance Handbook and other related guidelines established by the Company in the future.

(3) For the matters with high risk of corruption, every director, executive and employee at every level must operate with caution especially on the following items.

(3.1) Receiving or giving of gifts, assets or other benefits must conform to stipulations within the Corporate Governance Handbook of the Company.

(3.2) Receiving or giving of donation or supporting fund must be carried out in transparent and legal manners by ensuring that the donated or supporting money shall not be used as bribery.

(3.3) Receiving or giving of bribe in any business operations are forbidden. Company's operations and contacts with the government sector must be done strictly with transparency, integrity, and in compliance with the laws.

(4) Training courses are regularly organized for personnel to provide knowledge concerning rules and regulations, practice guideline, policies on anti-corruption. In 2019, the Company enrolled the employees to the following corruption-related training courses.

Training Course	Training Date	Trainee	Organizer
Working Papers for Anti-Corruption Measures in the Organization	September 18-19, 2019	(1) Ms. Thanyaras Panyavisetpongse (2) Ms. Anutta Sutarak	Federation of Accounting Professions
Prevention against Violation of Corruption and Money Laundering Laws	October 30, 2019	(1) Mr. Chonlatorn Panpakdeediskul	Federation of Accounting Professions
Awareness and Risk Assessment on Corruption in the Organization	November 23-24, 2019	(1) Mr. Narin Karawa (2) Mr. Natthaphat Kiatkungwanglai	Federation of Accounting Professions

#### **Duty and Responsibility on Anti-Corruption Policy**

(1) The Board of Directors has duty and responsibility to establish policies and oversee that there is a system in place to promote anti-corruption effectively in order to build confidence for the management to recognize and give precedence to anti-corruption and foster it to become part of the corporate culture.

(2) The Audit Committee has duty and responsibility to review the accounting and finance system, internal control system, internal audit system, and risk management system to ensure that every system has been carried out according to international standards with prudence, sufficiency, and effectiveness against corruption.

(3) The Chief Executive Officer and executives at every level have duty and responsibility to establish a system to promote anti-corruption policy and convey this policy to the employees and relevant work units, as well as to review the appropriateness of the system and measures to conform to changing business situation and relevant rules and regulations and laws.

(4) The Internal Audit Department has duty and responsibility in the audit and review of operations to be in compliance with policies, guidelines, rules, and regulation. It also has approval authority as well as relevant legal provision to ensure that the control system is appropriate and sufficient for the potential risk involving corruption. The Internal Audit Office directly reports to the Audit Committee.

(5) The Risk Management Committee has duty and responsibility to regularly assess the risk concerning corruption which may occur in any process as well as propose appropriate guidelines to mitigate the risk to be presented to the Board of Directors for review and establish measures for conformity to mitigate such risk that may occur.

### **Policy on Whistleblowing or Complaints by Stakeholders**

According to good corporate governance, the Board of Directors has established the policy concerning whistleblowing or complaints by stakeholders to ensure effective measures for stakeholder engagement as follows:

(1) Provide opportunity for the stakeholder for whistleblowing or making complaints

Any stakeholders who wish to contact the Board of Directors directly without going through the executives of the Company in order to offer any opinions concerning with the business operation including whistleblowing or complaints such as inappropriate action, fault, wrongdoing or mistake, illegal action or unethical behavior etc., it can be directly forwarded to the Audit Committee of the Company as follows:

**By mail**

Chairman of the Audit Committee

41/9 Rim Klong Bangsaka Road, Bangkor, Chomthong, Bangkok 10150

**By e-mail address: wanna@lannar.com**

(2) Protection for the Whistleblower and Complainant

The stakeholder who makes whistleblowing or complaints according to (1) above does not need to disclose his/her name.

(3) Procedure after Whistleblowing or Complaints

The Audit Committee is assigned to investigate the information or facts informed by the whistleblower according (1) above and directly presents the matter to the Board of Directors for acknowledgment and consideration.

(4) Correction Measures and Compensation

In case the stakeholder has been damaged from the violation of right according to the laws, the Company is willing to listen to opinion or complaint and will urgently correct the fault and impact without delay including finding measures to prevent recurrence of the event and will consider making appropriate compensation to the damaged person based on cause and effect on a case-by-case basis.

### **Policy on Receiving or Giving of Gifts, Assets and/or Other Benefits**

(1) Every Director, executive and employee at every level are strictly prohibited from demanding or receiving gifts, assets and/or any benefits from the customer, trading partner and/or person with related business with the Company regardless whether it is personal or for other persons which may cause unfair decision, bias or unease which might create conflict of interest.

(2) Receiving or giving of gifts on occasions of good traditions must be of little value, with price that is not inappropriate price or extravagant, such as souvenirs, marketing promotional gifts or general gifts, etc. Every employee can use their own judgment whether or not the gift is appropriate. If in doubt, the employee should consult with direct superior for advice, by considering the intention of the giver and receiver whether or not it is appropriate.

(3) Receiving or giving of gifts in form of cash, cheque, cash coupon, gold, jewelry or any other valuables is deemed inappropriate and uncalled-for. Without any exception, it should first be assumed that this action indicates wrongful doing or hidden intention to exploit one's authority.

(4) If it is found that any employee conducts wrongful action and/or has intention for exploitation whether for themselves or other persons, the Company shall deem that the employee is grossly breaking discipline and will be strictly subjected to disciplinary action according to the Company's regulation without any exception.

## **RESPECT FOR HUMAN RIGHTS**

Respect for human rights is fundamental for human resource development and directly relates to the business as added value. Also, human resource is a key factor for the business. Therefore, the Company always improves the surrounding and working conditions for better quality of life and in order to draw full potential of the employees. The employees are also provided with opportunities to train and develop their skills. The policy concerning respect on human rights is as follows:

(1) The Company strictly abides by human rights principle by providing knowledge and understanding in human rights to employees as part of the operation in the Company, as well as discouraging any businesses that violate human rights.

(2) Employees at every level must thoroughly understand the law concerning with their duties and responsibilities and strictly comply with the governmental laws and regulations. Employees should consult with their supervisors and/or related law consultant on any law related concerns. Do not imply and proceed alone.

(3) Employees traveling to work overseas should study laws, traditions, and culture of the country of destination prior to the trip in order to ensure that overseas business undertaking shall not be illegal or contrary to the traditions and culture of the country of destination.

(4) The Company shall uphold fairness and sincerity upon engaging in management related to salary, wages, benefits, and employment terms. Forced labors and child labors are not tolerated. The Company shall support all employees with equal opportunity and provide appropriate and pleasant working environment. Additionally, the Company shall strictly comply with the Labor Protection Act and Thai Labor Standards, including other related laws and regulations.

## **EQUITABLE TREATMENT TO WORKFORCE**

(1) The Company always operates with equitable treatment to its workforce. In the past, the Company never had any disputes with its workforce and always strictly follows the labor law.

(2) The Company provides wages and salaries at no less than the rate required by law. Compensations to managers and employees are considered based on skills, experiences, and expertise of each individual. Appropriate salary adjustments are also regularly reviewed and increased according to the economic condition to enable employees and executives to live and work properly.

(3) The Company also never ceases to improve on the working environment. Events are regularly held to promote good relationship among employees, such as, New Year activities, Company's Anniversary, etc.

(4) The Welfare Committee is established to ensure proper welfares and benefits as required by law and to inspire morale among employees. Safety in workplace is emphasized, with related trainings regularly held. Corporation with the authority on surrounding environment with regular water and air quality monitoring every 3 months to ensure good environment of surrounding communities. In 2019, the Company had no accident from work or achieved zero accident record.

(5) Other policy and guidelines concerning equitable treatment to workforce, including other activities are disclosed in this Annual Report, page 172-176, under the topic "Information on Employees".

## **RESPONSIBILITIES TOWARD CONSUMERS AND CUSTOMERS**

The Company's Sales and Marketing division engages with the customers and receive any feedback in order to ensure customer's satisfaction in the products and services. Also, the production process is always being improved according to the customer's needs along with reduction of unnecessary cost. Moreover, business is conducted fairly. The policy and practice guideline regarding this matter are as follows:

(1) The Company's products are safe and reliable without any harm to the consumers' health.

(2) The Company shall safeguard customer information and shall not forward any information to others without customer's consent.

(3) The Company discloses correct and adequate information concerning its products by considering the health and good living of the consumers such as no advertisement hype or exaggeration, complete and correct information on product label, easy to read and understand the information, product safety instruction as well as instruction on sanitary disposal of the product, etc.

(4) The Company encourages environmental and societal consciousness for the usage of its products among the consumers and producers

(5) The Company shall develop its products and services for the best interest of the Company and pay attention to goodness of consumer society with culture and moral, which will lead to sustainable development.

(6) The Company operates on free competition basis and plays by the rules. It shall never slanderously attack competitors without reasonable evidence.

(7) The Company shall encourage and cooperate with competitors for the benefit of the consumers. Such cooperation shall not be a monopoly, sharing of market, deterioration of product quality, and price readjustment that is disadvantageous for overall consumers. The personnel of the Company shall engage with competitors with care without disclosing or revealing any company's secret to competitors.

(8) The Company shall select its business partners by considering the competency and experience of the business partners, their financial status, reputation, whistleblowing and legal cases, policy of the business partners, and risks, etc.

(9) The Company shall not violate intellectual property or copyright of others.

(10) The Company shall make payment to the business partners correctly and punctually and shall conduct its business in a sustainable and transparent manner, in compliance with the prescribed terms and conditions of trade and contract, and fair to the stakeholders.

#### **ENVIRONMENTAL RESPONSIBILITY AND PRESERVATION**

The Company operates with awareness of environmental responsibility in all action undertaken in business procedure in order to prevent any consequential impact from Company's business operations.

##### **Environmental Responsibility Policies and Guidelines**

(1) All executives and employees shall operate with quality management system of occupational health and safety, and environment as it optimizes efficiency and effectiveness for the best interest of the Company.

(2) Executives and employees must adhere to and work in compliance with laws, policies and regulations concerning quality standard of occupational health and safety, and environment.

(3) The Company shall undertake any measures to control and prevent loss from fire accident, physical accident, loss or damage of property, security breach, wrong procedure, and operational errors, as well as ensure safe working environment for the employee. It is executives' and employees' duty to report accidents by strictly following established protocol.

(4) The Company shall establish an emergency control and prevention plan for all work areas as well as an organization's emergency and crisis management plan to prepare countermeasures for situations that may occur. Moreover, the Company shall also undertake preparation for other crisis that may cause the business suspension or defamation to the organization.

(5) The Company shall communicate and advocate employees and stakeholders about policies, regulations, processes and cautions concerning quality, safety, occupational health and environment in order to bring into practice with accuracy without any harm to health, properties and environment.

(6) The Company shall promote and create awareness of quality, safety, occupational health and environment to be applied to employees' everyday work.

(7) The Company shall provide trainings for employees and assign supervisors with additional responsibility of managing operation with safety systems and continually adhering to operate with it.

(8) The Company shall improve standards of safety and environment to international standards for better quality of working life and environment.

(9) The Company is committed to continuous corporation on social responsibility in terms of quality, safety, occupational health and environment. The Company recognizes the importance of environment, safety of stakeholders and social responsibility activities and plans to preserve the environment and develop living quality for the community in accordance with the principles of sustainable development.

(10) The Company participated in the Eco Industrial Town Project in 15 provinces Green Industry Project, CSR-DIW and Eco Factory projects organized by the Department of Industrial Works in order to improve the environmental management, safety, energy conservation, environmental-friendly manufacturing process and good use of energy and resources. In 2019, the Company sent the executives and employees to the following activities.

#### **Activities for Environment Protection in the Past Year**

(1) The Ayutthaya Coal Distribution Center, a domestic operator, has carried out measures concerning the community, society and environment. Trees have been planted and permanent wind break structure has been constructed in order to prevent dust pollution, and high-pressure water spray system has been set up to constantly spray water around coal stockpiles and hauling roads. The sediment from waste water is contained in the sediment ponds and not released to the public river. Coal trucks are ensured to have complete coverage, and their wheels are washed before entering public road. Air and water quality are measured regularly every three months in order to ensure that the dust was effectively in control. Moreover, a close system of large silos has been constructed for coal storage and transportation that effectively minimizes dust dispersion. The Ayutthaya Coal Distribution Center has been granted awards in 2019 as follows: (A) the Green Industry Accreditation Level 3 (Green System) for the good systematic environmental management, including monitoring management and review for continuous improvement (B) the award regarding the development of factories in eco-industrial areas level 2 and 3 from the use of limited resources with efficiency and effectiveness in terms of promoting sustainability and reducing the impact on the environment; and (C) the Corporate Social Responsibility-Department of Industrial Works (CSR-DIW Continuous Award 2019) from the Ministry of Industry, concerning corporate governance, human rights, labor, environment, fair treatment, consumers and participation in the development of community and society.

(2) Every coal mining project must operate according to the mine plan and environmental impact analysis report which was approved by relevant governmental agency and carried out the mine site rehabilitation in order to improve environmental surroundings and ecosystem and return to its useful state such as agriculture, water reservoirs, residence, etc. In the past year 2019, subsidiary companies operating coal mining business in Indonesia, PT. Lanna Harita Indonesia has received the awards and recognitions from the central and local governments for its good environmental management according to the regulations, and PT. Singlurus Pratama has received the awards and recognitions from the central and local governments for its good environmental management according to the regulations and has received the Zero Accident Award from the Ministry of Labor and the Governor of East Kalimantan as there had been zero or no accident from work during January 1, 2009 to December 31, 2018.

**The Ayutthaya Coal Distribution Center has environmental related activities as follows:**

(1) The coal processing and coal storage and silos for distribution to customers of small and medium-sized enterprises (SME) have operated in terms of quality according to the objective and could significantly and effectively reduce the dispersion of dust. The 4,000-square-meter parking area for customers' trucks is adequate and has been improved with concrete surface.

(2) The Company has constructed a permanent wind break structure around coal stockpile areas in order to improve the effectiveness of wind protection and dust dispersion to the public, in addition to the existing plantation of trees as wind barriers.

(3) The Company realizes the importance of tree planting and caring in the Ayutthaya Coal Distribution Center as it is wind barrier and suppresses dust from spreading into public places.

(4) The Company has constructed sediment treatment system in the Ayutthaya Coal Distribution Center in order to prevent sediment from being discharged into public waterways. The sediment ponds have been constructed are scattered across the area in order to collect and keep surface water, which includes rain and water used for sprinkle onto stockpiles for dust suppression. The collected water is then stored in the settling ponds. Once the process is over, the water is brought back for reuse with the purpose of minimizing waste and saving water resources.

(5) The Company has constructed two truck wheels washing facilities at the Ayutthaya Coal Distribution Center in which departing coal trucks are required to pass through before exiting into public roads to prevent debris and other problems that may obstruct public transportation.

(6) The Company has engaged Mine Engineering Consultant Co., Ltd. to conduct measurements of air quality, noise level and water quality at the surrounding areas of the Ayutthaya Coal Distribution Center, Ayutthaya Province, for at least 4 times every year and found that the procedures have been carried out in accordance with the Notification of the National Environmental Board No. 24, B.E.2547 (2004), which can be summarized as follows.

**(6.1) Measurement of Atmospheric Ambient Air Quality**

The results of ambient air quality measurements in 2019, as compared to the atmospheric ambient air quality standard according to the Notification of the National Environmental Board No. 24, B.E.2547 (2004), were found to within the established criteria and standard, having concentration of the total suspended particulate matter (TSP) not exceeding 0.330 mg/m<sup>3</sup> and the particulate matter of less than 10 micron (PM-10) not exceeding 0.120 mg/m<sup>3</sup>, which can be summarized in the Table below.

Measurement Location	Measurement Date	TSP (mg/m <sup>3</sup> )	PM-10 (mg/m <sup>3</sup> )
Port and Jetty Area of the Company, Ayutthaya Province	March 30-31, 2019	0.250	0.102
	June 10-11, 2019	0.289	0.049
	September 4-5, 2019	0.119	0.068
	December 14-15, 2019	0.137	0.120
<b>Standard Value</b>		<b>0.330</b>	<b>0.120</b>
<b>Remarks :</b> Atmospheric Ambient Air Quality Standard according to the Notification of the National Environmental Board No. 24, B.E.2547 (2004) : TSP = Total Suspended Particulate Matter : PM-10 = Particulate Matter of less than 10 micron : mg/m <sup>3</sup> = Milligram per cubic meter			

### (6.2) Measurement of Ambient Noise Level

The results of ambient noise level measurements in 2019, including 24-hrs. average level (Leq. 24 hrs.) and maximum level (Lmax), as compared to the ambient noise standard according to the Notification of the National Environmental Board No. 15, B.E.2540 (1997), were found to be within the established criteria and standard, having Leq. 24 hrs. not exceeding 70 dB(A) and the Lmax not exceeding 115 dB(A), which can be summarized in the Table below.

Measurement Location	Measurement Date	Leq. 24 hrs. [dB(A)]	Lmax [dB(A)]
(1) Port and Jetty Area of the Company, Ayutthaya Province	March 30-31, 2019	68.7	102.7
	June 10-11, 2019	63.3	99.4
	September 4-5, 2019	64.5	90.9
	December 14-15, 2019	69.3	95.6
<b>Standard Value</b>		<b>70.0</b>	<b>115.0</b>
(2) Office area of the Company, Ayutthaya Province	March 30-31, 2019	58.1	86.6
	June 10-11, 2019	57.1	87.4
	September 4-5, 2019	63.7	89.7
	December 14-15, 2019	68.2	102.2
<b>Standard Value</b>		<b>70.0</b>	<b>115.0</b>
<b>Remarks :</b> Standard according to the Notification of the National Environmental Board No. 15, B.E.2540 (1997) Re: The Ambient Noise Standard : dB(A) or Decibel A = Unit of sound level meter			

### (6.3) Measurement of Water Quality

The results of water quality measurements in 2019 from 2 locations, namely, Pa Sak River area before passing through the Company's port and jetty (ST.1) and after passing through the Company's port and jetty (ST.2), which can be summarized in the Tables below.

(A) Measurement results on March 31, 2019

Parameter	Unit	ST.1	ST.2	Standard Value
pH	-	7.45	7.73	5.0-9.0
Turbidity	NTU	23.75	10.0	-
Total Suspended Solids	mg/L	25.0	26.9	-
Total Dissolved Solids	Mg/L	260	285	-
Total Hardness	Mg/L as CaCO <sub>3</sub>	120.40	122.4	-
Dissolved Oxygen	mg/L	4	5	≥ 2
Biochemical Oxygen Demand	mg/L	2	3	≤ 4.0
Sulfate	mg/L	26.4	22.4	-
Fat, Oil & Grease	mg/L	<1	1	-
Arsenic	mg/L	<0.01	<0.01	≤ 0.01
Lead	mg/L	<0.01	<0.01	≤ 0.05
Cadmium	mg/L	<0.01	<0.01	≤ 0.05*
Mercury	mg/L	<0.01	<0.01	≤ 0.002
Manganese	mg/L	1.456	1.595	≤ 1.0
Magnesium	mg/L	<0.01	<0.01	-
Iron	mg/L	0.72	0.151	-
<b>Remarks :</b> Standard according to the Notification of the National Environmental Board, No. 8, B.E. 2537 (1994), issued under the Enhancement and Conservation of National Environmental Quality Act B.E.2535 (1992) , published in the Royal Government Gazette, Vol. 111, Part 16, dated February 24, B.E.2537 (1994) (Category No. 4) : * Water with hardness in the form of CaCO <sub>3</sub> not exceeding 100 milligram per liter, having standard value equal to 0.005 milligram per liter				



## (B) Measurement results on June 11, 2019

Parameter	Unit	ST.1	ST.2	Standard Value
pH	-	7.20	7.54	5.0-9.0
Turbidity	NTU	4.21	1.05	-
Total Suspended Solids	mg/L	11.99	14.8	-
Total Dissolved Solids	Mg/L	269	305	-
Total Hardness	Mg/L as CaCO <sub>3</sub>	125.40	137.6	-
Dissolved Oxygen	mg/L	4.8	6	≥ 2
Biochemical Oxygen Demand	mg/L	1	<1	≤ 4.0
Sulfate	mg/L	33.5	32.5	-
Fat, Oil & Grease	mg/L	2	3	-
Arsenic	mg/L	<0.01	<0.01	≤ 0.01
Lead	mg/L	<0.01	<0.01	≤ 0.05
Cadmium	mg/L	<0.01	<0.01	≤ 0.05*
Mercury	mg/L	<0.001	<0.001	≤ 0.002
Manganese	mg/L	0.05	0.05	≤ 1.0
Magnesium	mg/L	8.40	8.80	-
Iron	mg/L	0.72	0.71	-
<b>Remarks :</b> Standard according to the Notification of the National Environmental Board, No. 8, B.E. 2537 (1994), issued under the Enhancement and Conservation of National Environmental Quality Act B.E.2535 (1992) , published in the Royal Government Gazette, Vol. 111, Part 16, dated February 24, B.E.2537 (1994) (Category No. 4) : * Water with hardness in the form of CaCO <sub>3</sub> not exceeding 100 milligram per liter, having standard value equal to 0.005 milligram per liter				

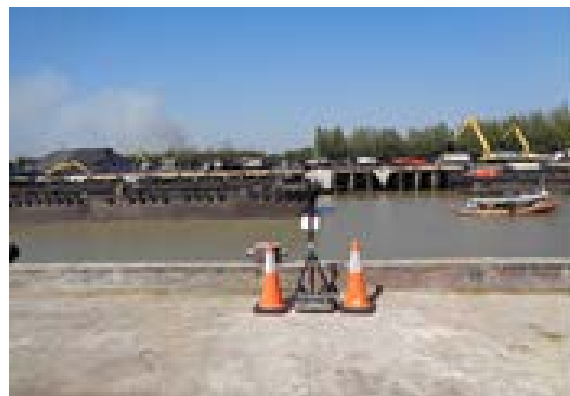
## (C) Measurement results on September 4, 2019

Parameter	Unit	ST.1	ST.2	Standard Value
pH	-	7.62	7.74	5.0-9.0
Turbidity	NTU	2.11	17.92	-
Total Suspended Solids	mg/L	22.4	33.3	-
Total Dissolved Solids	Mg/L	220	218	-
Total Hardness	Mg/L as CaCO <sub>3</sub>	106	106	-
Dissolved Oxygen	mg/L	4.6	4.6	≥ 2
Biochemical Oxygen Demand	mg/L	1.2	<1	≤ 4.0
Sulfate	mg/L	16.5	16.6	-
Fat, Oil & Grease	mg/L	<1	1	-
Arsenic	mg/L	<0.01	<0.01	≤ 0.01
Lead	mg/L	<0.01	<0.01	≤ 0.05
Cadmium	mg/L	<0.01	<0.01	≤ 0.05*
Mercury	mg/L	<0.001	<0.001	≤ 0.002
Manganese	mg/L	<0.01	0.07	≤ 1.0
Magnesium	mg/L	5.91	5.73	-
Iron	mg/L	0.18	1.03	-
<b>Remarks :</b> Standard according to the Notification of the National Environmental Board, No. 8, B.E. 2537 (1994), issued under the Enhancement and Conservation of National Environmental Quality Act B.E.2535 (1992) , published in the Royal Government Gazette, Vol. 111, Part 16, dated February 24, B.E.2537 (1994) (Category No. 4) : * Water with hardness in the form of CaCO <sub>3</sub> not exceeding 100 milligram per liter, having standard value equal to 0.005 milligram per liter				

(D) Measurement results on December 15, 2019

Parameter	Unit	ST.1	ST.2	Standard Value
pH	-	7.79	7.78	5.0-9.0
Turbidity	NTU	30.00	17.22	-
Total Suspended Solids	mg/L	78.4	70.4	-
Total Dissolved Solids	Mg/L	185	165	-
Total Hardness	Mg/L as CaCO <sub>3</sub>	110	112	-
Dissolved Oxygen	mg/L	7.5	7.0	≥ 2
Biochemical Oxygen Demand	mg/L	2	2	≤ 4.0
Sulfate	mg/L	18.5	17.2	-
Fat, Oil & Grease	mg/L	1	1	-
Arsenic	mg/L	<0.01	<0.01	≤ 0.01
Lead	mg/L	<0.01	<0.01	≤ 0.05
Cadmium	mg/L	<0.01	<0.01	≤ 0.05*
Mercury	mg/L	<0.001	<0.001	≤ 0.002
Manganese	mg/L	0.09	0.10	≤ 1.0
Magnesium	mg/L	6.65	6.40	-
Iron	mg/L	1.85	1.79	-
<b>Remarks :</b> Standard according to the Notification of the National Environmental Board, No. 8, B.E. 2537 (1994), issued under the Enhancement and Conservation of National Environmental Quality Act B.E.2535 (1992) , published in the Royal Government Gazette, Vol. 111, Part 16, dated February 24, B.E.2537 (1994) (Category No. 4) : * Water with hardness in the form of CaCO <sub>3</sub> not exceeding 100 milligram per liter, having standard value equal to 0.005 milligram per liter				

## Environmental Quality Measurements



## COMMUNITY AND SOCIAL DEVELOPMENT

The Company realizes the importance of continuous community and social development and has established policies concerning community and social development as follows:

(1) Not engage in business or any act that may defame the Country or has negative impact to natural resources, environment or society in general.

(2) Encourage activities that are beneficial to the community and society and prioritize preservation of environment and local tradition.

(3) Commit to continuously raise community and social responsibility awareness among employees in all levels as well as improve standard of safety in the community and society with or without help from government sector.

(4) Strictly operate in compliance with the relevant laws and regulations.

(5) Must not support and engage with an individual or business that is harmful to society and national security or any kind of corruption.

(6) In the past year, the Company has conducted various activities to develop neighboring communities in order for the surrounding society to get along and live together with the organization sustainably through the following activities:

### (A) Community and Social Development Activities of Ayutthaya Coal Distribution Center

**(1) Community Relations Aspect:** Ayutthaya Coal Distribution Center being a representative of the Company in various community relations activities at Nakhon Luang District, Phra Nakhon Si Ayutthaya Province, such as participation in the tree-planting volunteer project, offering lifesaving equipment to the rescue unit of Putthaisawan Foundation, participation in the senior citizens event at Tambon Khlong Sakae Hospital, offering sports equipment to Khlong Sakae community, etc.





**(2) Religious Aspect:** Ayutthaya Coal Distribution Center, a domestic business operator, financially supported activities and events of Wat Thong Song Tham, Wat Sadej, Wat Tanot (Pa Yang) and Wat Rat Banthom, and making merit at the Chao Por Noi Shrine in the Phra Nakhon Si Ayutthaya Province.



**(3) Educational Aspect:** Ayutthaya Coal Distribution Center, a domestic business operator, participated in the activities and events by offering scholarships as well as articles and medical supplies to Wat Sadej School, merit making with Wat Thong Song Tham School, and offering scholarships to the Nakhonluang Udomrat Wittaya School, etc.



**(B) The Company has provided educational assistance to Ban Pa Kha School, Lee District, Lamphun province** since 2017 until present, consisting of lunch program for students and infrastructure improvement projects, by which the programs and activities undertaken in 2019 can be summarized as follows.

**(1) Drinking Water Dispensers for Students:** For the students to have clean and safe drinking water and better living quality of students.





**(2) Classroom Ceiling Renovation Project:** For the safety of the students as the ceiling in the classroom was damaged and in bad condition with old fans.



**(3) Fish Raising in Floating Baskets and Chicken Eggs Project:** For the students to have knowledge and skills on independent living under principles of the Sufficiency Economy of H.M. The King Rama 9, such as fish raising in floating baskets, raising chicken eggs, etc. The produces are used to make good quality food for student diet, with nutrients such as protein necessary for body growth of young students.



**(4) Project Promoting Wearing Native Attire:** To make students become aware of tradition and culture preservation by wearing clothes made from local or native of Northern Region.



**(5) Childhood Development Project:** For the development of young children's physical, emotional quotient (EQ) and intellect suitable to their age, the Company financially supported the renovation of the childhood development room, including playground equipment and toys for physical development, EQ enhancement and interaction with other children of the same age and children's books for intellectual development.



### **(C) Community and Social Development Activities of Subsidiaries in Indonesia**

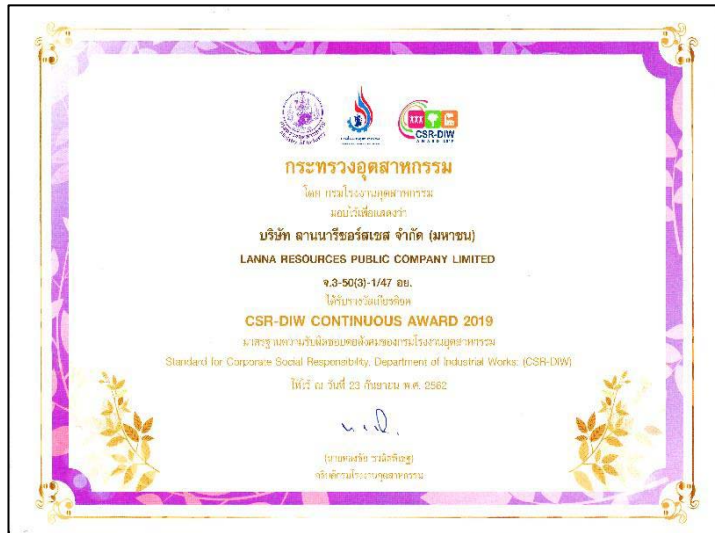
PT. Lanna Harita Indonesia and PT. Singlurus Pratama, subsidiary companies operating coal mining in Indonesia, recognize social responsibility, community and environment in surrounding area of coal mining concession at all times, by establishing a specific unit that is responsible for community, society and environmental development, by understanding and communicating with relevant communities and societies so that the communities and society in surrounding area of coal mining concession are confident that both subsidiaries have continuously supported and implemented CSR activities in order to create sustainability for the communities and surrounding societies in the long term, by supporting and volunteering for activities that are beneficial to the communities and societies in education, public utility system, household industry, religion, agriculture and public health, etc.

## AWARDS AND RECOGNITIONS FOR ENVIRONMENT AND SAFETY IN 2019



### LANNA RESOURCES PUBLIC CO., LTD.

Award for Corporate Social Responsibility of the Department of Industrial Works  
(CSR-DIW Continuous Award 2019)  
from the Ministry of Industry





## AWARDS AND RECOGNITIONS FOR ENVIRONMENT AND SAFETY IN 2019



### LANNA RESOURCES PUBLIC CO., LTD.

The Eco Industrial Town Award regarding the development of factories in eco-industrial areas Indicator 1.2.1 (level 2) and Indicator 10.2.1 (Level 3) from the Department of Industrial Works, Ministry of Industry





## AWARDS AND RECOGNITIONS FOR ENVIRONMENT AND SAFETY IN 2019



### LANNA RESOURCES PUBLIC CO., LTD.

The Green Industry Accreditation Level 3  
(Green System) for the good systematic environmental management, including  
monitoring assessment and review for continuous improvement  
from the Ministry of Industry



## AWARDS AND RECOGNITIONS FOR ENVIRONMENT AND SAFETY IN 2019



### PT. LANNA HARITA INDONESIA (SUBSIDIARY COMPANY)

The Green Certificate for Environmental Management Year 2018-2019 from the Governor of East Kalimantan of Indonesia, as the environmental management of coal mines was carried out according to the standards and legal requirements



The Blue Certificate for Environmental Management Year 2018-2019 from the Ministry of Environment and Forestry of Indonesia, as the environmental management of coal mining was carried out according to the standards and legal requirements



## AWARDS AND RECOGNITIONS FOR ENVIRONMENT AND SAFETY IN 2019



### PT. SINGLURUS PRATAMA (SUBSIDIARY COMPANY)

Zero Accident Award from the Governor of East Kalimantan of Indonesia, for the zero accident statistics from work during January 1, 2009 to December 31, 2018



Zero Accident Award from the Minister of Labor of Indonesia, for the zero accident statistics from work during January 1, 2009 to December 31, 2018



## AWARDS AND RECOGNITIONS FOR ENVIRONMENT AND SAFETY IN 2019



### PT. SINGLURUS PRATAMA (SUBSIDIARY COMPANY)

The Green Certificate for Environmental Management Year 2018-2019 from the Governor of East Kalimantan of Indonesia, as the environmental management of coal mines was carried out according to the standards and legal requirements



### INNOVATION AND DISSEMINATION OF INNOVATION THROUGH CSR ACTIVITIES

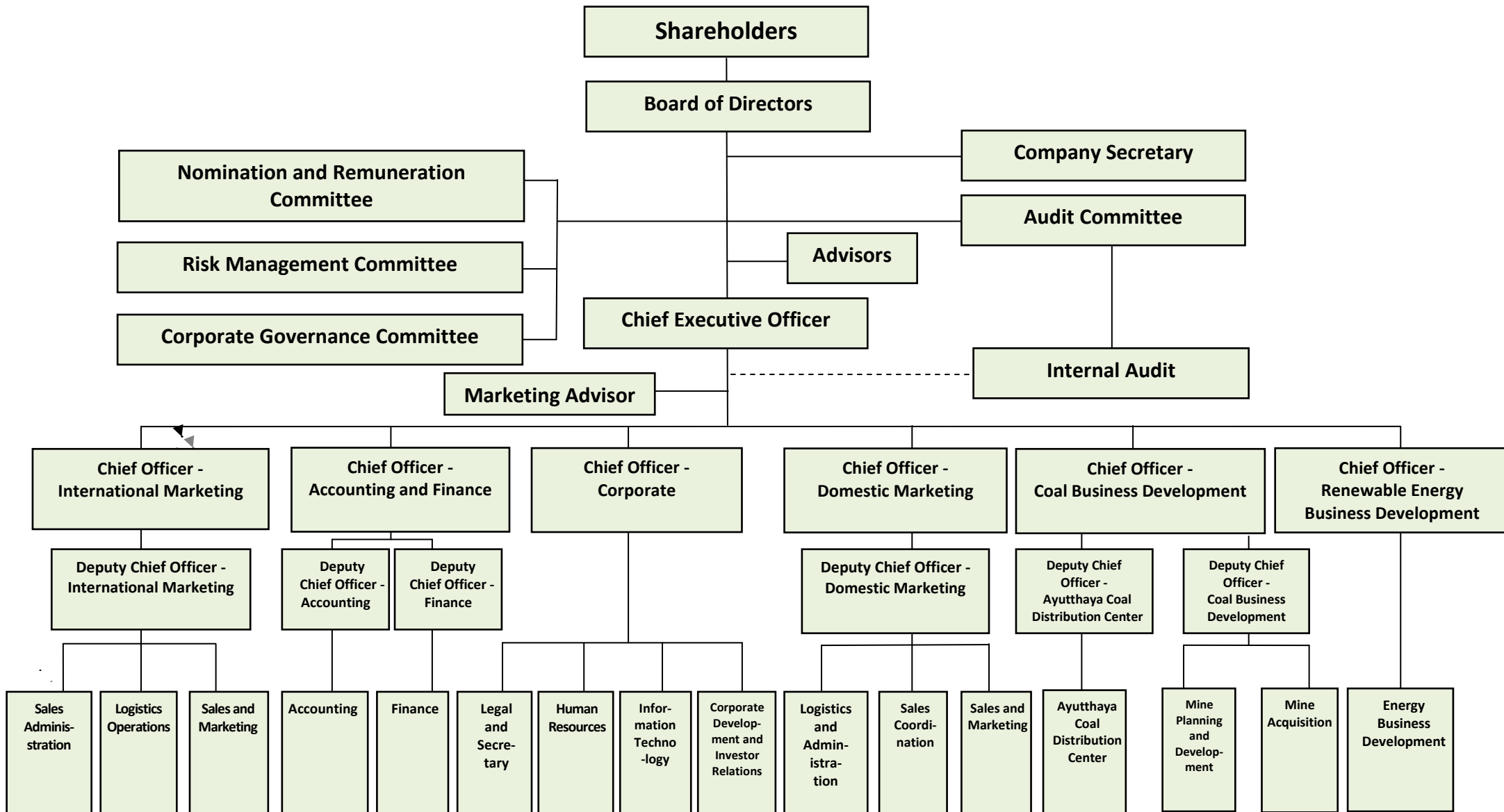
The Company operates business by applying the concept of social responsibility and sufficiency economy to business strategies which are derived from years of expertise. The development of the combination leads to business innovation which adds competitive advantage and values to the Company's sustainable growth. In 2019, the Company has implemented on innovations and dissemination of innovations from social corporate responsibility activities as follows:

(1) Improvement of the coal separation process with a closed system by constructing coal separation plant to reduce the dispersion of dust caused by the coal separation process, utilizing the conveyor system to load coal onto the truck to reduce the unnecessary procedures of loading and transportation of coal.

(2) Construction of the mineral processing plant as an additional extension from the original mineral processing plant that was constructed in 2014 in order to increase coal production capacity for the SME industry for more than 60 percent of the current coal production capacity, which has enabled the Company to have more coal production capacity in 2019 with variety of coal products at all sizes and qualities for current demand of the SME industry.

❖ **More information concerning corporate social responsibility is available for shareholders and investors to access at the Company website ([www.lannar.com](http://www.lannar.com)).**

# MANAGEMENT STRUCTURE



**Remark:** This organization structure does not indicate the level of importance, seniority, or salary of the positions

## Management Structure

The management structure of the Company comprises the Board of Directors, Sub-Committees, Executives and Corporate Secretary. The Company has four sub-committees comprises the Audit Committee (“AC”), the Risk Management Committee (“RMC”), the Nomination and Remuneration Committee (“NRC”), and the Corporate Governance Committee (“CGC”).

### The Board of Directors

The Board of Directors consists of 14 Directors, including 4 Authorized Directors, 6 Non-Executive Directors, and 4 Independent Directors and Audit Committee Members. The name, position, and photograph of each Director are shown on Page 4-6 of this Annual Report.

Name list and number of Directors who have been authorized to sign on behalf of the Company are Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul, Mr. Srihasak Arirachakaran, Mr. Anun Louharanoo, two out of four Directors sign and affixed with the Company’s seal.

The term for the directorship position is in accordance with the Public Limited Companies Act B.E. 2535 and the Company does not establish the maximum number of consecutive terms of directorship position.

Normally, the Board of Directors holds meeting at least once for every two months (one meeting every other month) and will occasionally hold extraordinary meeting in case of important or urgent matter. In 2019, there were 7 meetings altogether, having details as follows:

Director’s Name	Position	Meeting Attendance in 2019
(1) Mr. Somkiart Limsong	Chairman of the Board	6 out of 6
(2) Mr. Paul Heinz Hugentobler	Director	2 out of 6
(3) Mr. Vanchai Tosomboon	Director	6 out of 6
(4) Mr. Tanon Tantisunthorn	Director	6 out of 6
(5) Mr. Siva Mahasandana	Director	6 out of 6
(6) Mr. Akasit Jirayuwanon	Independent Director	6 out of 6
(7) Mr. Padoong Techasarintr	Independent Director and Audit Committee Chairman	6 out of 6
(8) Mrs. Duangkamol Suchato	Independent Director and Audit Committee Member	6 out of 6
(9) Mr. Adul Tantharatana	Independent Director and Audit Committee Member	6 out of 6
(10) Mr. Kraisi Sirirungsi	Director	6 out of 6
(11) Mr. Suroj Subhasavasdikul	Director	6 out of 6
(12) Mr. Visit Tantisunthorn	Director	5 out of 6
(13) Mr. Srihasak Arirachakaran	Director	6 out of 6
(14) Mr. Anun Louharanoo	Director	6 out of 6

### The Board of Directors is required to possess following qualifications:

(1) Directors are not required to be the shareholders and shall possess the qualifications in compliance with laws concerning public companies and related laws, but without inappropriate traits that express untrustworthiness to perform duties for the Company.

(2) Directors shall possess knowledge, expertise, value of honesty and business ethics and willingness to devote their time in performing duties to the fullest capacity for the highest benefit of the Company and shareholders.

(3) Directors shall possess experience and expertise in various professions e.g. industrial engineering, business management, sales and marketing, accounting and finance, law and corporate governance, etc.

(4) Directors must not be an entrepreneur, a shareholder or directors in any legal entity with similar business or a competitor unless it is declared at shareholders' meeting prior to the appointment.

(5) Independent Directors and/or Audit Committee must demonstrate an attribute of independence, in compliance with the Company's requirement and the Securities and Exchange Laws, as well as the ability to preserve the interest of shareholders equitably without conflict of interest and to express opinion independently in meetings of the Board of Directors.

(6) Directors shall receive trainings and continuously master knowledge concerning business nature of the Company in order to match with emerging changes and continuously optimize efficiency and efficacy of the board.

**The Board of Directors has the authority, duties and responsibilities in the management of the Company** by conducting its duties in compliance with all laws, the objects and the articles of association of the Company, and the resolutions of any shareholder meetings in good faith, and with care to preserve the interests of the Company. In summary, the authorization and responsibilities are as follows:

(1) The Board of Directors has adopted the Company's direction, objectives, business plan and budget, as well as monitor and supervises over the management to operate efficiently and effectively in accordance with the established business plan and budget, in order to maximize economic value of the business and shareholders' wealth and stability, having important details summarized as follows:

(1.1) Establishment of organization structure to have the management and operation system that are highly effective and efficient.

(1.2) Approval of annual business plan and budget within 30 days prior to the end of the year for the management to managed according to the approval of the Board of Directors each and every year.

(1.3) Approval of investment projects or joint-venture projects, as well as business expansion and/or reduction of business operation, which are deemed most beneficial for the Company's operation in both long-term and short-term, not including transactions that need approval from the Shareholders according to the regulations established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.

(1.4) Approval of financial plans of the Company, as well as the plan for securing loan and credit facilities sufficiently and appropriately for the operation of the Company occasionally.

(1.5) Arrangement for preparation of balance sheets and statement of income at end of the Company's accounting period in order for a review and verification by the auditor appointed by the shareholders before presenting the matter for approval by the shareholders' meeting.

(1.6) Consideration of various matters proposed for approval by the shareholders' meeting, including dividend payment, capital increase, capital reduction, issuance of debenture, sale or transfer of business, purchase, acquisition, or merger of business, etc.

(1.7) Consideration for the establishment of Company's policies, direction, objectives, vision, mission and values and other important matters that may impact Company's financial status and operating results presently or in the future.



(2) The Board of Directors has duties to clearly establish and separate roles and responsibilities between the Board of Directors, sub-committees, and the management, as well as having routine communications to the Board of Directors, sub-committees, the management and employees of the Company, which are summarized below.

(2.1) The Board of Directors has appointed and assigned the Chief Executive Officer to manage daily operations of the Company in accordance with the policy, business plan and budget, established by the board of directors.

(2.2) Chief Executive Officer shall assign and establish duties to each department and employee level in descending order within the authorities assigned by the Board of Executive Directors, by establishing audit and control system in order to have effective work coordination and achieve both short term and long term objectives.

(2.3) Chief Executive Officer or the management shall arrange individual meetings or specific purpose meetings among employees and managers in order to be informed on the operating results and work progress, as well as considering problems and obstacles encountered in the operation (if any) from time to time.

(2.4) Chief Executive Officer or the management has issued announcement, establishing procedures for carrying out important tasks, for employees to understand and utilize as work guidelines in order to achieve systematic and well-coordinated operation.

(2.5) Chief Executive Officer or the management has organized for all the business units to participate in the preparation of the annual business plan and budget by having management level staff from each of the departments jointly prepares the annual business plan and budget for effective operation and efficient control of expenses, as well as achieving the policy and objectives established by the Board of Directors. The Chief Executive Officer also attends the meeting, participating in the consideration of the annual business plan and budget before proposing to the Board of Directors for its consideration and approval. The business plan and budget will then be implemented and monthly evaluated to see whether it meets the established policies and objectives. The business plan and budget may be appropriately adjusted according to changing circumstances.

(2.6) The Board of Directors has established internal audit division to oversee and review the operations of the Company to be in accordance with the established internal control system, and also to coordinate and support the Audit Committee for good corporate governance.

(2.7) The Board of Directors has established the Audit Committee (“AC”) in accordance with the rules and regulations established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand with duties and responsibilities to oversee that the operations are trustworthy and beneficial to all related parties.

(2.8) The Board of Directors has established the Nomination and Remuneration Committee (“NRC”) with duties and responsibilities concerning nomination and determination of remuneration of directors and executives that is suitable and according to related laws and the regulations of the Company, comparable with other companies in the same industry.

(2.9) The Board of Directors has established the Risk Management Committee (“RMC”) with duties and responsibilities to consider any problems and risk factors which may impact Company’s operation and seek measures to mitigate or minimize the risks.

(2.10) The Board of Directors has appointed Corporate Governance Committee (“CGC”) with responsibilities to establish policy, regulations and good practices in various activities in accordance with good corporate governance principles.

(2.11) The Board of Directors may occasionally seek consultants or experts in particular fields such as legal or financial advisors to give opinions concerning certain matters in consideration as appropriately and necessary.

(2.12) The Board of Directors has appointed a Company Secretary including working team with responsibilities to oversee activities of the directors and shareholders in accordance with the relevant laws and regulations.



(3) The Board of Directors has established an effective internal control system, internal audit and risk management system for the Company, as well as having regular monitoring and review of above matters by the Board of Directors periodically, which can be summarized as follows:

(3.1) Chief Executive Officer must report the operating results and financial status for each month with comparison to the work plan and budget as approved by the Board of Directors to the Board of Directors at least once every quarter.

(3.2) Chief Executive Officer must report on the progress of investment projects, as well as problems and obstacles encountered (if any) to the Board of Directors at every meeting.

(3.3) Chief Executive Officer must periodically report on the litigation cases concerning with the Company, including its compliance with relevant laws and contractual terms to the Board of Directors.

(4) Arrangement of the Annual General Meeting of Shareholders within 4 months after the end of accounting period of the Company and convene extraordinary shareholders' meeting necessary for the operation.

(5) Must become aware of the importance of good corporate governance by adhering to the principles of fairness and integrity, accountability, and promoting equitable treatment, as well as gaining faith from all the stakeholders, focusing on building value to the business and persons sharing the benefit in long term in order for sustainable growth and development of the Company. In addition, the scope of authority of the Board of Directors including to ensure compliance with the Securities and Exchange law also the notification and/or regulations of the Stock Exchange of Thailand such as related party transaction, acquisition or disposal of assets, etc., and to comply with all applicable laws which relevant to the Company's business.

(6) The Board of Directors of the Company may assign duties and responsibilities to the sub-committees, individual or several Directors or other persons to perform certain matter on behalf of the Board of Directors under supervision of the Board of Directors according to terms and time period deemed appropriate and necessary for Company's business operation. The Board of Directors may cancel, revoke or change the authorized person or such authority when deemed appropriate.

Such assignment of authority in above paragraph must not be in the way of granting authority which will enable the authorized person to approve transaction that may have any interest or conflict of interest with the Company or affiliated companies, except for the approval of transactions which are in accordance with the policy and criteria that the Board of Directors has already approved.

(7) The meeting of the Board of Directors must be held at least once every 3 months and there must be an annual assessment on the performance of the Board of Directors.

(8) Fostering conscience and moral principles among the employees at every level by establishing the code of conduct in writing as appropriate guidelines for each of every employees to realize the importance of moral standard which the Company use in conducting business, realize the importance of internal control system and risk management system to minimize the risk on corruption and the abuse of power. In addition, to prevent violation of laws that relevant to the Company's business.

(9) The Board of Directors grant the right to each director to propose meeting agenda in advance at least ten days prior to the meeting by sending meeting agenda to the Company Secretary by *E-Mail Address: saharat@lannar.com* or *Facsimile: 0-2253-6822* for the Company Secretary to include in the meeting agenda.

(10) The Board of Directors has appointed the Company Secretary and determined roles and responsibilities of the Company Secretary to perform duties with integrity, prudence and honesty as follows:

(A) Arrange the Shareholder's Meeting and Board of Directors' Meeting according to laws and regulations of the Company.

(B) Prepare the minutes of the Shareholders' Meeting and Board of Directors' Meeting, including monitor that the resolutions from the Shareholders' Meeting and Board of Directors' Meeting are followed completely and accurately.

(C) Supervise on the disclosure of information and report within scope of responsibilities according rules and regulations established by the SEC and SET.

(D) Prepare and Safekeeping of the following documents: Director Registration, Board of Directors' Meeting Invitations and Minutes, Shareholders' Meeting Invitations and Minutes, Company's Annual Reports, and other documents as required by law (if any).

(E) Safekeeping of the reports of interest which are reported by the Directors and Executives.

(F) Provide initial suggestions to the Directors concerning with rules, regulations and regulations of the Company and monitor the operation to ensure regularly and accurately compliance, and periodically report to the Board on any significant changes.

(G) Supervise the activities of the Board of Directors and perform other matters according to laws or assigned by the Board of Directors.

(11) Each director must adhere to and practice as follows:

(A) Must not operate the business that is of the same nature and in competition with the business of the Company or become a partner in ordinary partnership limited or unlimited partner in the partnership limited or be a director of a private company or other juristic company operating in the same nature and in competition with the Company, regardless of doing it for the benefit of oneself or for the others, unless the shareholder's meeting is informed before the resolution for appointment.

(B) Must inform the Company without delay if there is any interest, whether direct or indirect, in the contract that the Company or affiliated company engages in, or holding more or less shares or other securities in the Company or affiliated company.

(12) The Company's Strategic Planning and Implementation

In the Board of Directors Meeting each year, the Board shall consider together on the next 3-Year Strategic Plan. In the past year 2019, the Board of Directors has considered the Strategic Plan of year 2020-2022, and subsequently, the Board shall monitor the work progress from the Management on implementation of such strategic plan, in which the Management shall regularly report on an implementation progress to the Board of Directors for acknowledgement regularly.

**Roles and Responsibilities of Chairman of the Board are as follows:**

(1) To summon meetings of directors and oversee delivery of meeting invitation and other documents in order for directors to receive sufficient information in timely manner.

(2) To support and promote standards of good corporate governance, as well as monitor the management team to give advice and support without any engagement or interference with management's everyday work.

(3) Must exhibit leadership and ensure that committees are not under the influence of the management by taking the role as a chairman of the Board of Directors' meeting and Shareholders' meeting by monitoring the meeting to be in compliance with the Company's restriction and planned agendas as well as regulations and laws.

(4) To establish an efficient communication between shareholders, the board and the management as well as coordination to drive the Company's business operation to reach the long term growth plan.

(5) To perform other duties as stipulated by the laws, particularly concerning with duties of the chairman of the Board.

### **Regulation of the Board of Directors**

In order to demonstrate Company's intention and professionalism in the business management with transparency, morality, and accountability to all stakeholders, regulation for good practices of the Board of Directors has been established as the code of conduct as follows.

(1) Perform duties in accordance with the relevant laws and regulations, Company's regulation and resolutions of the Board of Directors' and shareholders' meetings.

(2) Strictly manage the business with honesty and unbiased position as well as be independent in the decision making and in other conducts.

(3) Authorize the executives for full control of management and daily operation without imposing inappropriate or unreasonable guidance.

(4) Have no direct or indirect interest in the business related with the Company and its affiliated companies or in the business that is in competition with the Company or its affiliated companies.

(5) Avoid having conflict of interest of oneself with the interest of the Company to achieve full efficiency and effectiveness in the business operation.

(6) Manage the business prudently without creating any obligations or commitments which might later be in conflict with the duties.

(7) Do not directly or indirectly seek unlawful benefit from work.

(8) Perform duties to the fullest capacity for the highest benefit of the organization.

(9) Do not execute anything that will destroy Company's interest or subserve interest to other individuals or juristic persons.

(10) Focus on the prevention and elimination of wrongful activities and consider that these matters need to be managed quickly and decisively in order to create value and positive image for the organization.

### **Company Secretary**

The Board of Directors has appointed Mr. Saharat Vatanatumrak as the Company Secretary (his brief curriculum vitae on page 191 of this Annual Report) having the scope of duties and responsibilities of the Company Secretary as follows:

(1) Provide initial suggestions to the Directors concerning with requirements, rules and regulations of the Company, including laws and regulations that the Directors should know, and monitor the operation for compliance including report of any significant changes to the Board for consideration on a case-by-case basis.

(2) Arrange the Shareholder's Meeting and Board of Directors' Meeting according to laws and regulations as well as relevant laws of the authorities.

(3) Prepare the minutes of the Shareholders' Meeting and Board of Directors' Meeting, including monitor that the resolutions from the Shareholders' Meeting and Board of Directors' Meeting are followed.

(4) Supervise on the disclosure of information and report within scope of responsibilities according rules and regulations established by the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant laws.

(5) Prepare and Safekeeping of the following documents:

(5.1) Director Registry

(5.2) Board of Directors' Meeting Invitations and Minutes

(5.3) Shareholders' Meeting Invitations and Minutes

(5.4) Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)

(6) Safekeeping of the reports of stake/interest which are reported by the Directors and Executives.

(7) Supervise the activities of the Board of Directors and perform other matters according to laws or assigned by the Board of Directors or as prescribed by the Capital Market Supervisory Board.

(8) Disclose qualifications and experience of the Company Secretary in the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) and on the Company's website.

## The Audit Committee

The Board of Directors has appointed the Audit Committee or “AC” to have duties and responsibilities in compliance with regulations established by the board of directors, which can be summarized as follows:

### (1) Qualifications

- (A) Must be Independent Director of the Company
- (B) Must not be the Director assigned by the Board to make business operation decision of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, or corporate with possible conflict, except that the decision is made based on a collective decision.
- (C) Must not be the Director of the holding company, subsidiary company or subsidiary of the same level and;
- (D) Possesses sufficient knowledge and expertise to perform duties as the Audit Committee Member. Nonetheless, at least one member of the Audit Committee must have sufficient knowledge and expertise to perform and review a reliability of the financial statements.

### (2) Composition

The Audit Committee, as approved by the Board of Directors, consists of at least 3 members, comprising 1 Audit Committee Chairman, and at least 2 Audit Committee members, having the qualifications as stated in (1) above. The Audit Committee shall appoint appropriate person as Secretary to the Audit Committee. The Audit Committee members are as follows:

Name	Position	Meeting Attendance in 2019
(1) Mr. Padoong Techasarintr	Independent Director and Audit Committee Chairman	10 out of 10
(2) Mrs. Duangkamol Suchato	Independent Director and Audit Committee Member	10 out of 10
(3) Mr. Adul Tantharatana	Independent Director and Audit Committee Member	10 out of 10
(4) Mrs. Wanna Chomkhokkruad	Secretary	10 out of 10

### (3) Office Term

The member of the Audit Committee (including the Audit Committee Chairman) has a three-year term each. The member of the Audit Committee who is retired by rotation may be re-appointed.

To ensure continuity of operation, upon the retirement by rotation or premature resignation of a member of the Audit Committee that results in a total number of members of less than the number as determined in (2) above, the shareholder’s meeting or the Board of Directors must appoint new Audit Committee member for a complete committee at least within 3 months after the date with incomplete members as described in (2) above.

### (4) Duties and Responsibilities of the Audit Committee

(4.1) To review that the disclosure of information in the Company’s financial reports are correct and adequate.

(4.2) To review that the Company has established appropriate and effective internal control system and internal audit system and observe the independence of the internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit.

(4.3) To review that the Company abides by the law and regulations of the Securities and Exchange and the regulations of the Stock Exchange of Thailand, or any relevant laws governing the Company's business.

(4.4) To review the accuracy of reference documents and self-assessment form on the anti-corruption measures of the Company according to the Private Sector Collective Action Coalition Against Corruption.

(4.5) To select and propose for appointment of the Company's auditor and the audit fee based on the trustworthiness, adequacy of the resources and audit work amount by the audit firm, as well as work experience of the personnel assigned to perform the financial audit of the Company; and to attend a meeting with the auditor without the presence of the management for at least once a year.

(4.6) To consider the connected transactions or transactions that may involve conflict of interest in accordance with the laws and regulations of the SEC and/or the Stock Exchange of Thailand to ensure that such transactions are appropriate and most beneficial to the Company.

(4.7) To review that the Company has established appropriate and effective risk management system.

(4.8) To review and approve the internal audit plan and the performance of internal audit unit to be efficient and effective throughout the organization of the Company and its subsidiaries or company of the same level.

(4.9) To review and proceed to have the Management to establish an appropriate whistle blowing system or process for receiving complaints, as well as appropriately improve and supervise on the whistle blowing on a case-by-case basis.

(4.10) To annually assess the performance of the audit committee and report the assessment results to the Board of Directors for its acknowledgment and consideration at least once a year.

(4.11) To prepare the Report of the Audit Committee and disclose the report in the Company's Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2). The Report of the Audit Committee must be signed by the Chairman of the Audit Committee and must at least contain the following information:

(A) Opinions concerning with the correctness, completeness and trustworthiness of the financial reports of the Company.

(B) Opinions concerning with the adequacy of the Company's internal control system.

(C) Opinions concerning with the Company's compliance with the law and regulations of the Securities and Exchange and regulations of the Stock Exchange of Thailand, or any law governing the Company's business.

(D) Opinions concerning with the appropriateness of the auditor.

(E) Opinions concerning with the transactions that may involve conflict of interest as well as acquisition or disposition of assets as specified by law.

(F) The number of the Audit Committee's Meetings and attendance record for each of the Audit Committee Members.

(G) Opinions or overall observation that the Audit Committee has received by performing according to the Charter of the Audit Committee as established by the Board of Directors.

(H) Other reports which should be acknowledged by the shareholders and general investors under the duties and responsibilities assigned from the Board of Directors of the Company.

(4.12) To perform other activities as delegated by the Company's Board of Directors with consent from the Audit Committee on a case-by-case basis.

(4.13) To periodically present the Report of the Audit Committee to the Company's Board of Directors for at least once every quarter.

In its performance of duties under the first paragraph, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Board of Directors shall remain responsible to third parties for the operations of the Company.

In the case that the Audit Committee's duties are changed, the Company shall report on a resolution to change its duties, and shall prepare a name list and scope of work of the audit committee according to such change in the form as prescribed by the Stock Exchange of Thailand to the Stock Exchange of Thailand within 3 (three) business days from the date on which the change is made.

**(5)** Within the duties performed by the Audit Committee, should any of the following transactions or actions be found or suspected to have significant impact to the Company's financial status and operating results, the Audit Committee shall report to the Company's Board of Directors so that the matter may be resolved within the time period that the Audit Committee deems appropriate.

(A) Transaction having conflict of interest

(B) Illegal conduct or irregularity or significant deficiency in the internal control system.

(C) Violation of laws relating to the Securities and Exchange, regulations of the Stock Exchange of Thailand or laws relating to Company's business.

Should the Company's Board of Directors or executives did not resolve the matter within the established time period, any one of the Audit Committee members may report of the said transaction or action to the Securities and Exchange Commission (SEC) and/or the Stock Exchange of Thailand.

The Company must disclose information and/or submit documents via an electronic media according to the regulations of the Stock Exchange of Thailand.

**(6)** The Audit Committee may audit the concerning persons and matters within the authorities of the Audit Committee and may seek independent professional counsel when it is deemed necessary and appropriate on a case-by-case basis.

## Report of the Audit Committee

The Audit Committee of Lanna Resources Public Co., Ltd. consists of three qualified independent directors, namely, Mr. Padoong Techasarintr, the Audit Committee Chairman, Mr. Adul Tantharatana and Mrs. Duangkamol Suchato, the Audit Committee Member, has performed its duties as assigned by the Board of Directors and according to the Audit Committee Charter, which is in accordance with the best practices of the Securities and Exchange Commission by reviewing and driving the Company to comply with good corporate governance principles with adequate risk management and internal control systems, as well as efficient and effective internal audit, focus on being a transparent, trustworthy and fair organization for the most beneficial to shareholders and stakeholders.

The key duties and responsibilities of the Audit Committee consist of reviewing the financial statements of the Company, reviewing the internal control and internal audit systems to ensure their adequacy, reviewing the operation to ensure its compliance with the relevant laws and regulations, considering the selection and propose for approval of the appointment of the Company's external auditor, reviewing the acquisition or disposition of asset, reviewing the related transactions or the transactions which might cause the conflict of interests to ensure that they were carried out according to the law, reviewing the risk management and the Anti-Corruption guidelines which were considered proper, efficient and effective, reviewing and expressing opinion towards the internal auditing plan and the scope as well as the works of the Internal Audit department and encouraging the management to establish and appropriate whistle blowing guidelines for all stakeholders. The Audit Committee would like to report their operating results during the year 2019. The key points can be summarized as follows:

**(1) The Audit Committee Meeting:** During year 2019, the Audit Committee had 10 meetings with the presence of all three committee members in every meeting. There was a meeting with the company's external auditors without the participation of the Management to discuss on the audit plan, independence in performing duties and the opinion of the auditor by focusing on providing accurate, complete and sufficient information. For some agenda the Management was invited to provide information or to exchange useful suggestions and ideas. The operating results were reported to the Company's Board of Directors for their acknowledgement and consideration every quarter.

**(2) Reviewing the Financial Statement:** The Audit Committee reviewed the quarterly financial statements and financial statements for year 2019 of the company and its subsidiaries, by giving priority on the accuracy of the financial statements, adjustment of accounting transactions affecting financial statements, the disclosure of information that is accurate, complete and sufficient in accordance with Thai Financial Reporting Standards (TFRS), which is in line with the International Financial Reporting Standards (IFRS) as report by the auditor without any conditions. The Audit Committee is of the opinion that the financial statements of the Company is accurate, reliable and in accordance with the legal requirements and in conformity with the generally accepted accounting standards, as well as having sufficient and appropriate disclosure of information in timely manner, which is beneficial to investors and users of financial statements.

**(3) Reviewing the effectiveness of the Internal Control System:** The Audit Committee considered the independence of the internal audit unit, the sufficiency of the Company and its subsidiaries' internal control system, giving opinion on plan and operating results for the year 2019, as well as approving the appointment, transfer and dismissal of the head of the internal audit unit. Additionally priority has been given to the internal control system of the Company's subsidiaries covering the areas of accounting and finance, personal administration, assets management, prevention or reduction of errors, damages, wastages, frauds and reliability of financial statement. This was to ensure that the Company's subsidiaries properly operated in accordance with the regulations instructed by the local government.

**(4) Good Corporate Governance:** The Board of Directors and executives are committed to manage by adhering to the good corporate governance principles, compliance with laws, rules, regulations and ethics of the Company. Pushing to create a positive attitude on internal control and encourage executives and employees to implement the anti-corruption policy and follow the policies strictly.

**(5) Reviewing the Connected Transactions:** The Audit Committee reviewed the acquisition and the disposition of assets including the connected transactions or the transactions which might cause conflict of interests occurred during the year 2019. It was agreed that these transactions were priced and carried out with commercial conditions according to their normal business nature, which is the most beneficial to the Company. There is disclosure of information and operating correctly according to the Capital Market Supervisory Board and other relevant laws.

**(6) Overseeing the Risk Management:** The Audit Committee reviewed the efficiency, effectiveness and appropriateness of the risk management of both internal and external factors, including monitored important risk situations that may affect the Company's business, as well as risk management policy, plan and directions on the risk management that may affect the operating results of the Company regularly every quarter with the Management, and providing suggestions for improvement to ensure that the Company could control and mitigate the impacts which may affect the achievement of the Company's business objectives and kept them at acceptable level. The progress of risks management was reported to the Audit Committee to review before reporting the operation results to the Company's Board of Directors every quarter. The Company has included the information about the risk management system in its annual report.

**(7) Working According to the Laws and the Government's Regulations:** The Audit Committee reviewed the company's operation to ensure that they were in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities Exchange Committee, all the Accounting Standards and other laws which were relevant to the Company's business. Works were carried out in accordance with the relevant laws without any impact to the Company's business.



**(8) Audit Committee's Performance Evaluation:** The Audit Committee evaluated the committee's and individual performance during the year 2019 by identifying their strengths and weaknesses as well as items that required improvement. According to the results of evaluation the Audit Committee has effectively carried out their tasks and in accordance with the scope, duty and responsibility as stated in the Audit Committee's Charter.

**(9) Appointment of the Auditors and the Fee for Year 2020:** The Audit Committee selected the qualified auditors according to the announcement of the Securities and Exchange Commission by taking into account the work performance and experience and proposed to the Company's Board of Directors for further approval at the General Meeting of shareholders for the year 2020. It was agreed to appoint Ms. Patcharawan Koonarangsri, certified public accountant no. 6650 and/or Ms. Siriwan Suratepin, certified public accountant no. 4604 and/or Ms. Kamontip Lertwitworatep, certified public accountant no. 4377 of the EY Office Limited as the Company's auditors for the year 2020 with the audit fee for the year 2020 of Baht 1,350,000 which the same as previous year.

In summary, the Audit Committee carried out their duty and responsibility by applying their knowledge and capability with care and vigilant, having sufficient freedom, as well as giving opinions and suggestions creatively for the equal benefit of the stakeholders. The Audit Committee had an opinion that the Company's financial reports were accurate, reliable and in compliance with the generally accepted accounting standards. Works were executed in accordance with the relevant laws and good corporate governance principles. Risks were monitored, managed and kept at the acceptable level. The internal control system and the internal auditing were appropriate and effective.

February 27, 2020

On behalf of the Audit Committee



(Padoong Techasarintr)

Chairman of the Audit Committee

## The Risk Management Committee

The Risk Management Committee or “RMC” has been appointed by the Board of Directors, consisting of directors and executives from all departments of the Company, from the department manager or above, with at least one member from each department. The members and position of the Risk Management Committee are as follows:

Name	Position	Meeting Attendance in 2019
(1) Mr. Anun Louharanoo	RMC Chairman	7 out of 7
(2) Mr. Srihasak Arirachakaran	RMC Vice Chairman	7 out of 7
(3) Mr. Vacharachai Nachailert	RMC Member	5 out of 7
(4) Mr. Prasert Promdech	RMC Member	7 out of 7
(5) Mrs. Petcharat Chayanon	RMC Member	7 out of 7
(6) Mr. Saharat Vatanatumrak	RMC Member	7 out of 7
(7) Mr. Sudusit Ounsangchan	RMC Member	7 out of 7
(8) Mrs. Wanna Chomkhokkrud	RMC Member and Secretary	7 out of 7

The Risk Management Committee has the scope of authorities and important duties as assigned by the Board of Directors, which must be performed with responsibility, prudence and integrity as follows:

(1) To propose the risk management policy and goals of the Company and subsidiary companies for approval from the Board of Directors, as well as giving advice to the Board of Directors and the Management regarding the organization’s risk management, which must cover financial risks, operational risks, business risks, strategic and other event risks throughout the organization.

(2) To supervise and support the enterprise wide risk management by focusing on risk awareness in each matter in order to make a decision in using resources and various processes appropriately with efficiency, effectiveness and the most beneficial to the whole organization.

(3) To study, analyze and assess risks and potential trends that shall affect the Company both internal and external by managing risks in accordance with the policies and targets approved by the Board of Directors, which will lead to practice to cover potential risk factors that may occur to the business operation of the Company throughout the organization.

(4) To determine rectification guidelines to mitigate the risk to an acceptable level or to manage the risk to be as low as possible. The risks can be categorized as follows:

<b>Red Risk</b>	<b>A risk factor requiring urgent rectification, having highest priority for mitigation.</b>
<b>Orange Risk</b>	<b>A risk factor requiring close monitoring. Preventative measures may be required</b>
<b>Yellow Risk</b>	<b>A risk factor requiring monitoring. Preventative measures may be required in both short term and long term.</b>
<b>Green Risk</b>	<b>An inconsequential risk factor or not yet requires close monitoring.</b>

(5) To supervise and follow up risk management measures, including monitoring procedures, and provide report to ensure adequate and effective risk management framework.

(6) To regularly report risk management on each factor with appropriate suggestions to the Board of Directors at least once every quarter for consideration and review on the risk management policy, plan and objectives of the defined risk management to be in accordance with the current situation and ever-changing circumstances.

(7) To prepare the report on the operation of the RMC with appropriate suggestions each year for disclosure in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2). The reports shall be signed by the RMC Chairman.

(8) The RMC has authority to invite all executives and employees at any level of the Company and subsidiary companies to provide clarification in details and provide documents related to the risk management of the Company in all aspects as it deems appropriate on a case-by-case basis.

(9) The RMC has authority to hire consultant or specialist to give advices and opinions as deemed proper and appropriate. The Company shall be responsible for the incurred expenses in accordance with the plan and annual budget approved by the Board of Directors.

(10) To establish the criteria and prepare a self-assessment of the RMC member as a whole and individual basis annually at least once a year by having assessors to identify strengths, weaknesses, and issues that need to be addressed to be used as a guideline for the improvement of the RMC performance to be more effective in the following year.

(11) To determine that the subsidiary company and/or affiliated company shall operate with the same risk management system and internal control system as the parent company.

(12) To promote and support the RMC member to continuously and consistently attend necessary training and strengthen the skills in performing duties of RMC member. The disclosure of training information and knowledge development of the RMC member shall be included in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

(13) To perform any other tasks as delegated by the Company's Board of Directors related to the risk management on a case-by-case basis.

## Report of the Risk Management Committee

The Board of Directors has established the Risk Management Committee or “RMC” comprising directors and executives from all departments, from the department manager or above, with at least one member from each department, who are authorized to consider risk factors that may possibly impact the operations of the Company and its subsidiary companies by establishing prevention measures and focus on effective risk management in every aspect of operations according to the good corporate governance principles in order to minimize the risks and mitigate their impacts.

During year 2019, the Risk Management Committee held seven meetings altogether in order to consider and assess risks, as well as monitor the risk management of all departments that might significantly impact the business operation of the Company and its subsidiary companies in order to establish risk prevention measures and mitigate impacts or opportunities of risk in various aspects to be suitable with the current and future economic conditions and business environment of the Company and its subsidiary companies. The report can be summarized as follows:

(1) The Risk Management Committee has considered the risk management process and plan in accordance with the policies and objectives approved by the Board of Directors in order to ensure that the risk management is effective and efficient in acceptable risk level and appropriately and concisely in line with the operations of the Company and its subsidiary companies according to the good corporate governance.

(2) The Risk Management Committee has considered the risk factors, including monitoring and supervision of the risk management of the Company and its subsidiary companies by convening the Risk Management Committee’s Meeting periodically to encourage efficiency of the risk management process, as well as providing suggestions which are beneficial to the risk management presently and for the future.

(3) The Risk Management Committee has regularly reviewed risks at all levels by assessing and analyzing risk factors to cover and in line with the strategic plan in terms of production, marketing, personnel development, as well as laws and other matters that might affect the business operation of the Company and its subsidiary companies. The risks are categorized into a risk requiring urgent rectification (Red Risk) and the risk requiring monitoring which might be a risk factor in the future (Yellow Risk).

(4) The Risk Management Committee and the Management has required a review and self-assessment on the risks concerning corruption of all departments in order to apply the risk assessment results to amend the regulations and orders regarding day-to-day operations to appropriately and concisely cover such risks.

(5) The Risk Management Committee has prepared a performance summary report for presentation to the Board of Directors and the Audit Committee for acknowledgment once every quarter to take comments and/or suggestions to improve risk management to be more effective.

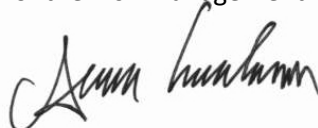
(6) The Risk Management Committee has established rules and prepared self-assessment on performance as a whole and individual for year 2019 for the assessor to indicate strengths, weakness and matters that needed improvements. The Risk Management Committee together considered the results of the assessment and established guidelines for achieving more effective operation in the following year.

(7) The Risk Management Committee has disclosed the details of the significant risk management of the Company and its subsidiary companies within the Annual Registration Statement Year 2019 (Form 56-1) and the Annual Report Year 2019 (Form 56-2).

The operation of the Risk Management Committee the past year 2019, the risks in various aspects were able to be controlled to the level which incurred no significant impact to the operations of the Company and its subsidiary companies by responsibly and carefully performing assigned duties for the best benefit of the Company and all stakeholders.

February 28, 2020

On behalf of the Risk Management Committee



(Mr. Anun Louharanoo)

Chairman of the Risk Management Committee

## The Nomination and Remuneration Committee

The Nomination and Remuneration Committee or the “NRC” has been appointed by the Board of Directors to have duties and responsibilities according to the Charter established by the Board of Directors, which can be summarized as follows.

### (1) Composition and Qualification

The NRC is appointed by the Board of Directors to comprise of at least 3 Company’s directors, having 1 NRC Chairman, and at least 2 NRC Members. The Board of Directors or the NRC shall appoint a suitable person as the Secretary. The name list and positions of the NRC members are as follows.

Name	Position	Meeting Attendance in 2019
(1) Mr. Kraisi Sirirungsi	NRC Chairman	2 out of 2
(2) Mr. Vanchai Tosomboon	NRC Member	2 out of 2
(3) Mr. Anun Louharanoo	NRC Member	2 out of 2
(4) Mr. Srihasak Arirachakaran	NRC Member	2 out of 2
(5) Mr. Saharat Vatanatumrak	Secretary	2 out of 2

### (2) Office Term

The NRC Members (including the NRC Chairman) has a three-year term each. The member of the NRC who is retired by rotation may be re-appointed.

To ensure continuity of operation, the NRC member, upon retirement by rotation or in the event that can no longer serve until the term ends, resulting in a lesser number of members as specified in (1) above, the Board of Directors shall nominate and appoint new NRC member(s) to complete the NRC immediately or at least within 3 months after the date with incomplete members as described in (1) above.

### (3) Authorities, Duties and Responsibilities of the NRC

#### (3.1) Duties and Responsibilities concerning Nomination

(a) To determine the nomination procedure for individuals succeeding the retired or resigned directors. The nomination shall be proposed to the Board of Directors for further proposal to the shareholders’ meeting for approval on a case-by-case basis.

(b) To consider succession plan and determine nomination procedure for individuals qualifying for the Chief Executive Officer position and/or high-level executives, which shall be proposed to the Board of Directors for approval on a case-by-case basis.

(c) To recommend procedure for performance assessment of the Board of Directors, Chief Executive Officer, and/or high-level executives, which shall be proposed to the Board of Directors for approval on a case-by-case basis.

(d) To assess the independence of directors in performance of their duties and provide recommendations to the Board of Directors for its consideration on a case-by-case basis.

(e) To determine appropriate qualifications of individuals for the director positions by considering the diversity of skills, experience, and expertise that are beneficial to the Company and propose them to the Board of Directors for approval on a case-by-case basis.

### (3.2) Duties and Responsibilities concerning Remuneration

(a) To recommend guidelines and procedure for payment of remunerations for the Board of Directors and sub-committees appointed by the Board of Directors.

(b) To propose remuneration policy for the Chief Executive Officer and/or high-level executives in accordance with the Company's performance and actual operating results before proposing the Board of Directors for approval.

(c) To consider budget for salary adjustment, wages, and annual bonus for employees before proposing the Board of Directors for approval or consent.

### (3.3) General duties and responsibilities

(a) To regularly report the operation of the NRC to the Board of Directors at least once every year for disclosure in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) in accordance with the good corporate governance.

(b) To have authority to hire consultants or experts to provide advice and/or opinions as deemed appropriate on a case by case basis. The Company shall be responsible for the incurred expenses.

(c) To have authority to invite executives and/or relevant persons of any level for briefing meetings or submission of related documents.

(d) To prepare a form self-assessment on the performance of the NRC member as a whole and individual basis at least once a year to propose the results to the Board of Directors for further consideration.

(e) To promote and support the NRC member to continuously and consistently attend necessary training and strengthen the skills in performing duties of NRC member. The disclosure of training information and knowledge development of the NRC member shall be included in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

(f) To perform any other tasks as assigned by the Board of Directors on a case-by-case basis.

## **Report of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee ("NRC") would like to report the performance during year 2019, having two meetings in total, which can be summarized as follows.

(1) The NRC has considered nomination of directors in place of directors retired by rotation, having established method and procedures for the nomination as follows:

(1.1) The NRC acknowledged the name list of directors retired by rotation and name list of persons being proposed for appointment to director positions in place of the directors retired by rotation.

(1.2) The NRC considered and selected persons who are suitable for the director positions from the proposed name list. Qualifications being considered include skills, experience, and expertise from various occupation that are beneficial to the operation of the Company. The persons must also be eligible for the director position of a listed company in compliance with the Company's regulations and related laws. The performance during the past year (if any) of the Director of the Company is also considered.

(1.3) The NRC selected and proposed the name list of suitable persons for the director positions in place of the directors retired by rotation to the Board of Directors for further proposal to the Annual General Meeting of Shareholders Year 2020 for its consideration.

(2) The NRC considered the remunerations of the Board of Directors and sub-committees by considering the scope of duties, responsibilities and performance results of each committee during the past year. Comparisons with other companies in the same industrial sector were made, including the size and expansion of business and operating results of the previous year. Accordingly, the NRC has proposed appropriate remunerations to the Board of Directors for further proposal to the Annual General Meeting of Shareholders Year 2020 for its consideration.

(3) The NRC has reviewed the criteria in providing the opportunity for the shareholders to propose meeting agenda and nomination of new directors in accordance with good corporate governance principles by submitting written proposals via mail or facsimile (FAX) or via the website to the Company Secretary from October 1, 2019 to December 31, 2019. It appeared that no shareholders proposed any meeting agenda and new director nomination for the Annual General Meeting of Shareholders Year 2020.

(4) The NRC has established rule for bonus payment of employees for year 2019 and salary adjustments of employees, including the Chief Executive Officer and high-level executives for year 2020 based on performance results in year 2019 with comparison of information with other companies in the same industry in order to propose to the Board of Directors for consideration and approval.

(5) The NRC has considered the organizational structure, manpower and wage budget of the Company for year 2020, which are deemed appropriate and corresponding to the Company's operation, including the allocation of resources of the Company to be efficiently and effectively used and for further proposal to the Board of Directors for its consideration and approval.

(6) The NRC has revised the work regulations handbook and procedures of the Company to be in accordance with the laws and changing circumstances in order to propose to the Board of Directors for consideration and approval.

(7) The NRC has reviewed the Nomination and Remuneration Committee Charter in accordance with good corporate governance principles.

(8) The NRC has reviewed and prepared self-assessment on its performance during year 2019 as the whole committee and individual in accordance with good corporate governance principles. According to the results of the self-assessment, the NRC is deemed to perform its duties effectively and in accordance with the assigned duties and responsibilities.

February 21, 2020  
On Behalf of the NRC



(Mr. Kraisi Sirirungsi)

Chairman of the NRC

## The Corporate Governance Committee

The Corporate Governance Committee or the “CGC” has been appointed by the Board of Directors to have duties and responsibilities according to the Charter established by the Board of Directors, which can be summarized as follows.

(1) The CGC is appointed by the Board of Directors to comprise of at least 3 Company’s directors and executives, having 1 CGC Chairman, and at least 2 CGC Members. The Board of Directors or the CG Committee shall appoint a suitable person as the Secretary. The name list and positions of the CGC members are as follows.

Name	Position	Meeting Attendance in Year 2019
(1) Mr. Srihasak Arirachakaran	CGC Chairman	2 of 2 Meetings
(2) Mrs. Petcharat Chayanon	CGC Member	2 of 2 Meetings
(3) Mr. Prasert Promdech	CGC Member	2 of 2 Meetings
(4) Mr. Sudusit Ounsangchan	CGC Member	2 of 2 Meetings
(5) Mr. Vacharachai Nachailert	CGC Member	2 of 2 Meetings
(6) Mr. Saharat Vatanatumrak	CGC Member and Secretary	2 of 2 Meetings

### (2) Office Term

The CGC Members has a three-year term of office each. The member of the CGC who is retired by rotation may be re-appointed.

To ensure continuity of operation, upon retirement by rotation or the event that can no longer serve until the term ends, resulting in a lesser number of members as specified in (1) above, the Board of Directors shall nominate and appoint new CGC Committee member(s) to complete the CGC immediately or at least within three months after the date with incomplete members as described in (1) above.

### (3) Authorities, Duties and Responsibilities of the CGC

(3.1) To consider and propose the policy, rule and practice guidelines for activities in accordance with corporate governance principles.

(3.2) To prepare the Corporate Governance Handbook and Code of Conduct to be adhered and followed by the directors, executives and employees at every level, which must be regarded as important duties to operate in accordance with corporate governance principles and must not be neglected by everyone.

(3.3) To monitor, review and improve corporate governance and regulations or guidelines to be in compliance with good corporate governance principles of the SEC, SET and other relevant laws (if any).

(3.4) To promote the dissemination of good corporate governance within the organization to be understood by directors, executives and employees at all levels for a practical results throughout the organization.

(3.5) To consider forms and results of self-assessment on the performance of the Board of Directors and sub-committees including offering opinions to propose to the Board of Directors for consideration on a yearly basis.



(3.6) Other Duties and Responsibilities

(a) To prepare a self-assessment form on the performance of the CGC as a whole and individual basis at least once a year to propose to the Board of Directors for further consideration.

(b) To regularly report the operation of the CGC to the Board of Directors at least once every year for disclosure in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) in accordance with the good corporate governance principles.

(c) To establish policies and encourage the assessment of corporate governance standards within organization regularly at least once a year in order to identify the problems or obstacles that cause the operation to fail and report to the Board of Directors for further consideration.

(d) To have authority to hire consultants or experts to provide advice and/or opinions as deemed appropriate on a case-by-case basis. The Company shall be responsible for the incurred expenses.

(e) To promote and support the CGC member to continuously and consistently attend necessary training and strengthen the skills in performing duties of CGC member. The disclosure of training information and knowledge development of the CGC members shall be included in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

(f) To have authority to invite executives and/or relevant persons of any level for briefing meetings or submission of related documents.

(g) To perform any other tasks as assigned by the Board of Directors on a case-by-case basis.

## **Report of the Corporate Governance Committee**

The Corporate Governance Committee ("CGC") would like to report the performance during year 2019, having two meetings in total, which can be summarized as follows.

(1) The CGC has monitored and supervised that the employees adhere to the Corporate Governance Handbook and the Business Code of Conduct so that it will developed into the Company's culture, which have included as part of the orientation program of new employees and development training of Company's employees. Related documents and leaflets have been given out to the employees throughout the organization for their acknowledgment and practice.

(2) The CGC has reviewed and completed the performance self-assessment as a whole and as individual during year 2019 according to good corporate governance principles, which is deemed that the CGC has performed its duties efficiently and effectively in accordance with the scope of authority and responsibilities as prescribed.

(3) The CGC has reviewed and improved on the performance self-assessment forms of the Board of Directors and sub-committees by referring to the guidelines of the Thai Institute of Directors Association (IOD) and the Stock Exchange of Thailand and revising the forms as appropriately for the business of the Company. In 2019, self-assessment on the performance of the Board of Directors and sub-committees were conducted as a whole and as individual to acknowledge the problems and obstacles preventing achievements of established targets during the past year in order to achieve more effective operation as their roles, duties and responsibilities are clearly specified.

(4) The CGC has revised and improved on the Corporate Governance Handbook in accordance with the corporate governance code as stipulated by the Capital Market Supervisory Board and the Stock Exchange of Thailand including revision of best practices and business code of conduct in order to propose to the Board of Directors for consideration and approval before disseminate on the Good Corporate Governance Handbook to be understood by the directors, executives and employees at all levels and in effect throughout the organization.

(5) The CGC has reviewed and improved on the rules and regulations related to daily operations of every department to be free from corruption with circumspect and sufficient internal control system.

(6) The CGC has reviewed the Corporate Governance Committee Charter in accordance with good corporate governance principles to define roles, scope of authorities and responsibilities of the CGC, which is in line with the corporate governance code for listed companies.

(7) The Company's Directors, executives and employees had been enrolled in several development courses during year 2019 as follows.

(7.1) "Future of Finance-Digital Disruption" seminar on September 28, 2019, organized by the Federation of Accounting Professions.

(7.2) "TLCA CFO Professional Development Program (TLCA CFO CPD)" seminar on October 30, 2019, organized by the Thai Listed Companies Association.

(7.3) "Corporate Governance Audit" seminar on November 15, 2019, organized by the Federation of Accounting Professions.

(7.4) "Understanding Important Financial Reporting Standards and the Auditor's Report" seminar on October 22, 2019, organized by the Federation of Accounting Professions.

(7.5) "17<sup>th</sup> Coaltrans China 2019" seminar on April 8-10, 2019, organized by Coaltrans Conferences.

(7.6) "Trade and Development Regional Forum" seminar on September 2, 2019, organized by the International Institute for Trade and Development.

(7.7) "Chief Transformation Officer (CTO) for high-executives level (CEO or C-Level)" seminar on August 28, 2019, organized by MAI and MAI Listed Companies Association.

(7.8) “Role of Company Secretary in Shaping Corporate Culture” seminar on October 31, 2019, organized by the Thai Institute of Directors Association.

(7.9) “Corporate Governance for Execution (CGE 14/2019)” seminar on July 4-5, 2019 and “CGE 15/2019” seminar on October 28, 2019, organized by the Thai Institute of Directors Association.

(7.10) “Translating Strategy into Execution” seminar on August 20, 2019, organized by PacRim Consultancy Co., Ltd.

(8) The Company received the Awards and Recognitions in Year 2019 as follows:

(8.1) For the assessment of Corporate Governance (“CGR”) Year 2019 by the Thai Institute of Directors Association, the Company was placed in a “Very Good” level or 4 stars (▲▲▲▲), ranking in the Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,999 million, having received a score of 89 percent, higher than the previous year with a score of 88 percent.

(8.2) Received the Annual General Meeting (“AGM Checklist”) Quality Assessment of the Listed Companies Year 2019 from the Thai Investors Association with a full 100-score “Excellent” level for the 9<sup>th</sup> consecutive year since 2011.

(8.3) The Company has been officially certified as a member of “Thailand’s Private Sector Collective Action Coalition Against Corruption” since 2015 and was re-certified as its member until November 5, 2021.

(8.4) The Ayutthaya Coal Distribution Center conducts its business operation in Thailand with responsibility toward the community, society and environment, having been granted awards during 2019 as follows: (A) the Green Industry Accreditation (Green System) Level 3 for having systematic environmental management with monitoring, assessment and review for continuous development (B) the award regarding the development of factories in eco-industrial areas level 2 and 3 from the use of limited resources with efficiency and effectiveness in terms of promoting sustainability and reducing the impact on the environment and (C) the CSR-DIW Continuous Award 2019 which covers organizational governance, human rights, labor, environment, fair treatment, consumers, and participation in community and society development.

(8.5) PT. Lanna Harita Indonesia, subsidiary company with coal mining operations in Indonesia, recognizes and gives importance to environmental responsibility, which has received the awards in 2019 from the central and local government of Indonesia for their excellent environmental management in compliance with the environmental management standards and relevant laws.

(8.6) PT. Singlurus Pratama, subsidiary company with coal mining operations in Indonesia, recognizes and gives importance to environmental responsibility, which has received awards in 2019 from the central and local government of Indonesia for their excellent environmental management in compliance with the environmental management standards and relevant laws, and received “Zero Accident Awards” from the Ministry of Labor and the Governor of East Kalimantan Province for having zero accident from the period between January 1, 2009 until December 31, 2018.

February 21, 2019

On Behalf of the Corporate Governance Committee



(Mr. Srihasak Arirachakaran)

Chairman of the Corporate Governance Committee

## The Executives of the Company

The Executives of the Company include Chief Executive Officer and first four persons in management positions below Chief Executive Officer and also include all those persons who are in the equivalent positions as level-four management. The Company's executives consist of 6 persons with names and positions as follows.

Executive	Position
(1) Mr. Srihasak Arirachakaran	Chief Executive Officer
(2) Mr. Saharat Vatanatumrak	Chief Officer—Corporate
(3) Mrs. Petcharat Chayanon	Chief Officer—Accounting and Finance
(4) Mr. Prasert Promdech	Chief Officer—International Marketing
(5) Mr. Vacharachai Nachailert	Chief Officer—Domestic Marketing
(6) Mr. Sudusit Ounsangchan	Chief Officer—Coal Business Development

### The Chief Executive Officer has the following scope of duties and responsibilities:

#### (1) Duties and Responsibilities

(1.1) To effectively control, monitor and supervise the management of the Company, in accordance with the resolutions of the Shareholders' Meeting, the Board of Directors, and Company's objectives and articles of association to maximize Company's best interests for short and long-term period.

(1.2) To prepare the annual corporate plan and budget including manpower, employees' expenses, earnings and expenses, and investment budget to be proposed annually to the Board of Directors for approval within 30 (thirty) days before the end of the year.

(1.3) To manage the Company according to the policy and objectives established by the Board of Directors, and according to the corporate plan and budget approved by the Board of Directors.

(1.4) To manage Company's finance in accordance with the financial plan approved by the Board of Directors, as well as Company's contractual commitments to every creditor.

(1.5) To function under the relevant laws concerning with the Company, as well as follow the Company's contractual commitments with the government authorities and the third parties.

(1.6) To report operating results to the Board of Directors once every quarter.

(1.7) To undertake or carry out certain individual tasks as assigned by the Board of Directors on a case-by-case basis.

#### (2) Financial Authorities

(2.1) Having authority to approve daily and normal expenses according to the investment, earnings and expenses, and manpower budget plans as approved by the Board of Directors, including expenses as stipulated by the laws and/or expenses obligated by the contracts between the Company and authorities and external parties.

(2.2) Having authority to purchase/hire for fixed assets and/or transactions which are not considered normal business operation according to the investment and budget plans as approved by the Board of Directors within Baht 2 (two) million each time per one transaction, provided that the transaction is approved by the Management Consultant before execution, and the Board of Directors must be proposed for approval at the earliest opportunity.

(2.3) Having authority to obtain a loan for the business of the Company within the credit amount and under terms and conditions which have been approved by the Board of Directors. In the case that the assets of the Company must be used for loan guarantee, the matter must be approved by the Board of Directors every time, **except** for the following matters that are considered normal transaction, having authority in every case.

(A) Opening of Letter of Credit (L/C) including Trust Receipt (T/R) and Shipping Guarantee (S/G) for the purchase and/or hire of item from overseas.

(B) Obtaining bank guarantee of commercial bank and/or financial institution as guarantee for contractual obligation of the Company with the government authorities and external parties.

(C) Execution of risk protection contracts on foreign currencies such as forward exchange contracts, etc., but only in the case that the Company has contractual obligation that must make payment in foreign currencies.

(2.4) Approving of advance for the employee for use in the Company's business as follows:

(A) For expenses according to contractual obligation or by laws and/or as already approved by the Board of Directors for the advance to actual payment such as land purchase costs, mineral royalties, fees and taxes, electricity tariff and other utilities' expenses, etc.

(B) For other items besides (A), they can be approved for not more than Baht 500,000 (five hundred thousand Baht) each time or per item.

(2.5) Having authority to set provision and/or write off bad debt of the Company at not more than Baht 50,000 (fifty thousand Baht) each time or per item during each financial year, and not exceeding Baht 1,000,000 (one million Baht) overall in the financial year, and report the matter to the Board of Executive Directors once every quarter.

(2.6) Having authority to sell and write off inventory and/or damaged or lost assets, and/or make compensation at not more than Baht 50,000 (fifty thousand Baht) each time and not more than Baht 1,000,000 (one million Baht) overall in a financial year, and report the matter to the Board of Directors once every quarter.

(2.7) Having authority to set aside reserve for depreciation of every type of asset, and/or outdated or deteriorated inventories in accordance with relevant accounting standards, and report the matter to the Board of Directors at the earliest opportunity.

### **(3) Production Authorities**

(3.1) To establish production target and plan for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 (thirty) days before the end of year.

(3.2) To plan and perform production in accordance with the plan and target as approved by the Board of Directors at the lowest cost. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the earliest opportunity.

(3.3) To establish target and strategy for additional exploration or acquisition of coal deposits or other minerals that have commercial benefits in order to increase production and distribution potential of the Company in the future and for Company's business expansion and long term and sustainable growth, with terms and conditions as established by the Board of Directors.

### **(4) Marketing Authorities**

(4.1) To establish target, plan and strategy for the marketing the products for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(4.2) To plan and distribute products in accordance with the plan and target as approved by the Board of Directors in order for the Company to maintain or increase its market share, as well as to increase and/or maximize the revenue and profit. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the earliest opportunity.

(4.3) Having authority to establish pricing and conditions for the sales and service of the Company as established by the Board of Executive Directors and/or according to the contractual obligation with every customer.

(4.4) Having authority to purchase/hire for production and/or to import products for selling in order for the Company to maintain and/or increase its market share, as well as increase and maximize the revenue and profit, after the approval by the Board of Directors.

(4.5) Having authority to sell products and service both domestically and overseas by entering into contractual obligation of not more than 3 (three) years, including appointment of sales representative of not more than one year each time.

## **(5) Employment Authorities**

(5.1) Having authority to establish suitable number of manpower or employees in line with the Company's business operation, as well as, to set salaries and wages, compensations and bonuses for every employee at every level according to the manpower and budget as approved by the Board of Directors.

(5.2) Having authority to employ, appoint, transfer, remove and terminate every employee and every level, except for employee of director level and above which must be approved by the Management Consultant first.

(5.3) Having authority to establish job regulations and benefits for the employees of the Company following the criteria, conditions and budget as approved by the Board of Directors.

## **(6) Authorities concerning Legal Case and Contract**

(6.1) Having authority to execute only the contract that is considered normal daily business operation according to the budget approved by the Board of Directors, not more than one year each time.

(6.2) Having authority to file a legal case and put up a defense for the benefit of the Company by reporting to the Board of Directors for acknowledgement at every meeting and when the legal case occurs.

## **(7) Authorities concerning Projects, requiring Approval from the Management Consultant**

(7.1) To consider and perform preliminary feasibility study of the project that is deemed beneficial to the Company's business operation in the future and/or providing satisfactory return in long term.

(7.2) To consider hiring consultants for the projects within the budget approved by the Board of Directors.

(7.3) If the project is found to be feasible after the project's feasibility study, detailed information of the project is to be presented to the Board of Directors for consideration and approval before execution.

(7.4) For the approved project, the scope of authorities are as follows:

(A) To establish operation plan, budget and target in order to achieve objectives or internal rate of return as expected.

(B) Having authority to contact, negotiate and execute a memorandum of understanding concerning with the joint venture, with term period of not more than one year.

(C) Shareholders Agreement and establishment of a joint venture company must be approved by the Board of Directors before execution.

(7.5) To report on the progress of the approved projects to the Board of Directors for acknowledgement at every meeting.

## **(8) Other Matters**

(8.1) Any matters that must be proposed for approval and/or to obtain approval from the Board of Directors, Chief Executive Officer will propose to the Management Consultant for consideration before proposing to the Board of Directors.

(8.2) Matters that exceed the scope of duties and authorities of the Chief Executive Officer above are to be proposed to the Board of Directors consideration and approval before execution.

(8.3) The Chief Executive Officer may establish working groups and give authorities any employee of the Company, any position or anyone to act on behalf within the scope of duties and responsibilities which deemed appropriate on a case-by-case basis.

Such assignment of authority of the Board of Directors, sub-committees, directors, executives or an individual will not assign authority which make an authorized person shall approve transaction that may have any conflict of interest with the Company, subsidiary companies or associated company except for the approval of normal business transactions which the scopes are clearly determined.

## Information on Employees

### Regulation of the Executives and Employees

The Company is the producer and distributor of coal and other types of fuel, which can reasonably add values to the stakeholders. The Company is also aware of the overall balance of environment and interest of the society. Thus, in order for the Company to achieve such qualities with strength and sustainability in long term, the regulation for good practices of the executives and staff has been established as the code of conduct as follows.

(1) Perform duties with accountability, honesty, determination, dedication and in compliance with the law, regulation, policy and corporate culture with consideration on the best interest of the Company.

(2) Strictly maintain confidentiality of the customers, trading partners and the Company, overseeing and guardedly ensuring that no confidential documents or information leak or fall into the hands of unrelated individuals.

(3) Respect the individual right of the staff, avoid taking information or story of the staff, including work-related and personal matters for disclosure or comments in such manner that would cause damage to the staff or overall Company's image.

(4) Do not abuse or do anything that would lead to disharmony or damage within the Company or individuals relating to the Company.

(5) Maintain and jointly create harmony and unity among all staffs, be helpful and supportive of one another for the overall and utmost benefit to the Company.

(6) Conduct oneself toward colleagues with respect, generosity, good human relations, not concealing necessary information for the work from colleagues and adjust oneself to work well with the others, as well as be respectful to others by not taking credit for the work of the others.

(7) Be determined on becoming a good person and intellect by continuously developing oneself in the direction that is beneficial to oneself and the Company.

(8) Study and seek for knowledge and experience to reinforce the knowledge and skills for the work and constantly update oneself with modern technology.

(9) Adhere to virtue, morality and refrain from all vices by not conducting oneself in such manner that would ruin the reputation of oneself and the Company.

(10) Inform superiors in order of ranking or the Audit Committee, if witness any activities that might indicate any fraud or wrongdoing within the organization.

(11) Perform any tasks that protect the environment and work conditions as well as help the Company to develop and achieve its excellence.

(12) Avoid giving or receiving goods, reception or any other benefits from trading partners or individuals related to the Company's business unless it is in accordance with the regulation and mandate of the Company.

### Number of Employees and Compensation

In 2019, the Company and its affiliated companies have the following number of employees and employees-related expenses:

Description	Year 2019		
	Company Only	Affiliated Companies	Total
Number of Employees as at End of Year (Person)	81	719	800
Employees-Related Expenses (Million Baht per year)	86	269	355

Remunerations paid to the employees in 2019 comprises of monthly salaries, wages, bonuses or annual remunerations, provident fund contributions and other welfares, which may be both paid on a monthly fixed basis and vary according to the operating results and performance.

## Personnel Development Policy

The Company and the affiliated companies give priorities to the development and improvement of personnel, modern technology system for the operation corresponding to the changing conditions to sustain long term growth with quality and stability. The Company has policy on personnel development which is carried out consistently to increase knowledge, skill, and expertise as well as work effectiveness of the employees at every level and to encourage development of knowledge and skill of employees through on-the-job training with new employee having a supervisor for each line of work assigned to train the new employee. Training courses have been regularly organized internally by inviting lecturers or speakers to pass on their experience and additional knowledge to the employees. The Company also sends its employees and executives to training program and seminars with topics relating to the work of each department for additional knowledge.

In addition, the Company has established regulations concerning training and development of employees and enrolled the executives in the Master of Business Administration Program and other courses at reputable universities. In addition, the Company has established various personnel development and training programs and activities such as workshops in order to develop the executives, reinforcement of knowledge and relationship within the working teams, as well as making plans and improvement of strategies to develop the Company for higher efficiency. Moreover, since the Company has made investments overseas, especially in the coal mining business in Indonesia, the core business, and therefore English and Indonesian Bahasa language training courses have been provided including knowledge on the basic laws and regulations, the traditions and culture for the employees who must travel to work in such country to have correct understanding and follow the laws and regulations correctly, preventing issues and difficulties while working in such country.

### Training Expenses and Training Hours in 2019

Training for Employee in 2019	Average Training Hour per Person	Objective of Training
Management level	40	To develop management skills.
Heads of departments and employees	28	To develop personal competence and skills.
Costs of employee training and development in 2019 totaling Baht 1,086,161.		

### Directors and Executives Attended the Training Courses in 2019 are as follows:

Attendees in Training/Seminar	Training/Seminar	Institution	Date of Training/Seminar
Mr. Srihasak Arirachakaran Director, Chief Executive Officer	(1) Solar Power Generation System : Solar Rooftop and Solar Floating	Institute of Electrical and Electronics Engineers (IEEE)	March 21-23, 2019
	(2) Exponential Manufacturing Singularity University Thailand Summit 2019	The Federation of Thai Industries	May 15-16, 2019
	(3) Corporate Governance for Execution (CGE 14/2019)	Thai Institute of Directors	July 4-5, 2019
	(4) Translating Strategy into Execution	PacRim Consultancy Co.,Ltd.	August 20, 2019
	(5) Corporate Governance for Execution (CGE 15/2019)	Thai Institute of Directors	October 28, 2019
Mr. Saharat Vatanatumrak Chief Officer-Corporate, Company Secretary	(1) Role of Company Secretary in Shaping Corporate Culture	Thai Institute of Directors	October 31, 2019
Mrs. Petcharat Chayanon Chief Officer-Accounting and Finance	(1) TFRS 9 Sharing in Practices	The Federation of Accounting Professions	March 20, 2019
	(2) Future of Finance-Digital Disruption	The Federation of Accounting Professions	September 28, 2019
	(3) TLCA CFO Professional Development Program (TLCA CFO CPD)	Thai Listed Companies Association	October 30, 2019
Mr. Prasert Promdech Chief Officer-International Marketing	(1) 17th Coaltrans China 2019	Coaltrans Conferences	April 8-10, 2019
	(2) Trade and Development Regional Forum	International Institute for Trade and Development	September 2, 2019
	(3) Coaltrans Japan 2019	Coaltrans Conferences	September 17-18, 2019



## **Policies and Guidelines Concerning Remunerations of Employees**

The Company's remuneration of employee is appropriate and comparable to general practice of companies in the same industry with yearly readjustment accordingly to individual's performance. The Company offers remuneration rate above wage policy as stipulated by laws (minimum daily wage of 300 baht). Furthermore, the Company offers additional benefits and welfare including bonuses, business trip allowance domestically and overseas, etc.

## **Employee Code of Conduct**

The Company has established measure and practice guideline on the employee code of conduct for the employees to constantly follow and abide by on a regular basis as follows:

(1) Perform duties with honesty, discipline, accountability and awareness of assigned duties and with aim to attain advancement and security for themselves and the Company.

(2) Jointly create unity and harmony among the groups of employees; perform duties and resolve problems together and professionally with maximum effectiveness and efficiency; ready for better changes; able to respond to changes and use work skills to achieve maximum benefit.

(3) Be serious and attentive and perform duties diligently and patiently; aim to build and develop the Company to achieve its excellence.

(4) Use the Company's assets in the most efficient manner and protect the assets from improper depreciation or loss, and not to use the Company's assets for personal benefit and others or use the assets fraudulently or illegally.

(5) Must maintain confidential information of the customers, trading partners and the Company and must not disclose confidential information related to the business of the Company or use the inside information to dishonestly gain personal benefit and/or for other parties.

(6) Do not use work position to gain any personal benefit and/or others fraudulently, including the following:

(6.1) Employees are strictly prohibited from receiving cash or any other compensation from customers, trading partners or persons having connected business with the Company.

(6.2) Employees should avoid receiving gifts from the customers, trading partners or persons having connected business with the Company due to possible conflict of interest, except for accepting gifts during special or traditional occasions of which gifts must be of small and appropriate values, not excessive or unreasonable such as souvenirs made for sales promotion or general distribution, etc. Every employee can use own judgment whether it is appropriate to accept such gift. The employee should seek advice or recommendation from the supervisor if he/she feels uncertain about accepting the gift.

(7) Cooperate and assist in the work with every coworker and be respectful of other employees in the same organization, also share knowledge and experience with coworker for the interest of the Company.

(8) Be attentive and helpful in any activities for maintaining clean and safe working environment.

(9) Employees are prohibited from making accusation or abusive remarks to the Company, executives and coworkers without truth.

(10) Employees must strictly and regularly comply with the Company's regulations, Articles of Association and relevant laws, as well as support and cooperate in the practice of Company's business ethics or code of conduct for actual results.

(11) Notify the supervisor or relevant department of any wrongdoing or illegal activities and avoid or do not do anything that may damage the overall image or reputation of oneself and the Company.

## Safety, Occupational Health and Environment

The Company gives precedence to accident prevention and environmental protection by complying with relevant laws and regulations in order to ensure safety for the employees and to have good working environment, including continuing improvement on safety, occupational health and environment. Accordingly, during 2019, the Company experienced no problem with accident, unusual rate of leaves of absence and illnesses from work. In addition, the training on “Basic Fire Fighting and Fire Evacuation Training” was organized on August 30, 2019 at the Ayutthaya Coal Distribution Center, Ayutthaya Province.

“5S” activity and work improvement activity to promote participation in organizational development for employees, which is part of the duty involving every employee at all levels. The superior has duty to supervise, promote and recommend for the efficiency and effectiveness with continuing improvement of the program. The activity is aimed to promote good working environment and safety as well as to instill basic consciousness of increasing effectiveness in the operation.

The Company has been undertaking sustainability development. Environmentally, dust suppression is achieved by tree planting along the perimeter as wind barriers and installation of high-pressure sprinklers around coal storage and conveyor belt areas. Drainage water is collected in a sedimentary trap to prevent sediment being discharged to public waterways. In order to prevent debris on public roads, departing coal trucks are required to have a proper covering and must pass through provided wheel wash facilities. Air and water conditions are regularly inspected, and to ensure the effectiveness of measures taken towards dust suppression, the Company has constructed a closed coal storage silos to reassure minimal environmental impact.

The Company has established guidelines on the safety, occupational health and environment as follows:

(1) The executive and employee must operate a management system with quality, safety, health and environment to enhance the efficiency, effectiveness and maximum value for the operation of the Company.

(2) The executive and employee must strictly follow and operate in accordance with the laws, policy, regulations and standard in terms of quality, safety, health and environment

(3) The Company shall employ every means to control and prevent all types of loss from accident, fire, injury or illness from the workplace, loss or damage to the assets, safety system violation, improper method of operation and all the errors, including protection of environment in the workplace and safety to all employees. Accordingly, the report on any accident is the responsibility of the executive and employee by strictly follow the established procedure, regulation and order.

(4) The Company shall set up prevention and control plan for emergency in every area of operation, including emergency and crisis management plan for the organization to be prepared for any emergency events that may occur and be ready for other crisis events which may halt the business operation, damage reputation and image of the organization.

(5) The Company shall arrange for the public relations and communication to build knowledge, understanding and dissemination of information to the employees including all stakeholders to acknowledge and understand the policy, regulations, procedure and any cautions in terms of quality, safety, health and environment, to strictly follow for correct implementation without creating any hazard to the health, assets and environment.

(6) The Company shall promote and instill consciousness in the quality, safety, health and environment as part of daily routine of the employee.

(7) The Company shall train the employees and increase role and duty of the supervisor in the control of operation so that it employs good safety system which is consistently followed.

(8) The Company shall improve on the safety and environmental standard to achieve international standard for good living quality and environment of the employees.

(9) The Company shall seriously and continuously take part in social responsibilities in terms of quality, safety, health and environment, and in the best use of natural resources by realizing the importance of environment and safety of related stakeholders, as well as promoting social activities in the environmental protection and improvement of living quality in the communities according to sustainable development principle.

## **Development of Employees' Quality of Life in the Workplace**

The Company realizes good work performance comes from employee with good quality of life. Therefore, the Company has organized activities which promote health in order for the employees to become healthy which will promote quality and efficient work from the employees. The Company has organized the following activities to help develop the quality of life of the employees.

### **(1) Health Checkup Program for the Employees**

The Company has arranged for the health checkup for the employees every year to assess health condition of each employee. After receiving the results of the health checkup the Company shall organize activities promoting health and health care for the employees as good health should promote better quality and more effective work performance from the employees.

### **(2) Influenza Vaccination Program**

The Company has arranged to provide the employees with influenza vaccination to protect employees from influenza every year to reduce employees' illness. The Company realizes that health is wealth which should be good for the business operation.

### **(3) Health Care Project**

The Company has organized health care program for the employees through website and journal of the Company to provide knowledge, recommendation and risk prevention that may affect health condition in both physical and mental by inviting medical doctors and health experts from reputable hospitals to provide recommendations on health, illnesses for the employees to understand and maintain good health.

### **(4) Employee Life and Health Insurance**

In addition to the privileges that the employees have received from the Social Security Fund and Workmen's Compensation Fund, the Company has provided life and health insurance policy from reputable insurance companies for the employees. The employees may use health care services from the specified hospitals as well as insurance protection for loss of life due to accident and illness according to the coverage and conditions as stipulated in such insurance policy.

### **(5) Afterwork Exercise Project**

The Company promoted an exercise program after work for the employees by providing sports equipment for the employees to reduce health risk from stress from work and maintain good health.

## INFORMATION ON DIRECTORS AND EXECUTIVES



**Mr. Somkiart Limsong**

**Position:** Chairman of the Board

**Age:** 78 years

**Nationality:** Thai

### Education

- MBA., Harvard Business School
- Certificate: Thai Institute of Directors Association  
Director Accreditation Program (DAP) Class 5/2003

**Date of Appointment:** October 2, 1985

**Period of Directorship:** Holding Director Position since 1985 until present for a total of 34 years and 3 months.

### Shareholding in the Company as at December 31, 2019

- Minor child holding 28,562,460 shares or 5.440 percent of all shares with voting rights
- Nominee and/or related person holding 4,793,000 shares or 0.912 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

### Number of Director Positions in other Business

- Listed Company – None
- Non-Listed Company - None

### Past 5-Year Work Experience:

1994-2001: Chairman, Gulf Electric Public Co., Ltd.

1968-1999: Last Position: Vice-Chairman of the Board, President, Executive Chairman and Managing Director of Siam City Cement Public Co., Ltd.



## **Mr. Paul Heinz Hugentobler**

**Position:** Director

**Age:** 70 years

**Nationality:** Swiss

### **Education**

- Master Degree: Graduate School of Economics and Business of St. Gallen, Switzerland
- B.Sc. in Civil Engineering, Swiss Federal Institute of Technology, Zurich, Switzerland
- Harvard Business School International Senior Management Program
- Certificate: Thai Institute of Directors Association: None
- Leading from the Chair, INSEAD, from Fontainebleau, France, 2015

**Date of Appointment:** April 26, 2000

**Period of Directorship:** Holding Director Position since 2000 until present for a total of 19 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

### **Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 1 Company

### **Past 5-Year Work Experience:**

2017-Present: Chairman, Siam City Cement Public Co., Ltd.

2014-Present: Nomination and Remuneration Committee Chairman, Siam City Cement Public Co., Ltd.

2007-Present: Commissioner, PT. Lanna Power Indonesia (Subsidiary company)

2017-2019: Chairman, Nakorn Luang Concrete Co., Ltd.

2017-2019: Chairman, Siam City Cement (Vietnam) Limited

2017-2019: Chairman, Siam City Cement Trading Co., Ltd.

2016-2019: Chairman, Siam City Cement (Bangladesh) Limited

2016-2019: Chairman, Siam City Cement (Lanka) Limited

2015-2019: Director, Chip Mong Insee Cement Corporation Limited

2014-2017: Director of Governance Risk and Compliance Committee, Siam City Cement Public Co., Ltd.

2001-2017: Vice Chairman, Siam City Cement Public Co., Ltd.

2014-2016: Director, Insee Digital Co., Ltd.

2012-2016: Director, Conwood Co., Ltd.

2011-2012: Chairman, Conwood Co., Ltd.

2011-2016: Director, Nakorn Luang Concrete Co., Ltd.



## **Mr. Kraisi Sirirungsi**

**Positions:** Director, Authorized Director, Nomination and Remuneration Committee Chairman, and Management Advisor

**Age:** 69 years

**Nationality:** Thai

### **Education**

- Bachelor of Engineering, Mining Engineering, Chulalongkorn University
- Certificate: Thai Institute of Directors Association Director Accreditation Program (DAP) Class 39/2005
- The National Defence Course for the Joint State-Private Sectors Class 4212 Thailand National Defence College Year 1999

**Date of Appointment:** October 2, 1985

**Period of Directorship:** Holding Director Position since 1985 until present for a total of 34 years and 3 months.

**Shareholding in the Company as at December 31, 2019:** 9,697,781 shares or 1.847 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

### **Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 5 Companies

### **Past 5-Year Work Experience:**

2016-Present: Management Advisor, Nomination and Remuneration Committee Chairman Lanna Resources Public Co., Ltd.

2016-Present: Chairman, Lanna Power Generation Co., Ltd. (Subsidiary)

2008-Present: Commissioner, PT. Singlurus Pratama, (Subsidiary)

2006-Present: President Commissioner, PT. Lanna Power Indonesia, (Subsidiary)

2003-Present: Director and Vice Chairman, Thai Agro Energy Public Co., Ltd., (Subsidiary)

1998-Present: Commissioner, PT. Lanna Harita Indonesia, (Subsidiary)

1996-Present: Director, United Bulk Shipping Pte.Ltd. (Associated Company)

2001-2015: Chief Executive Officer, Lanna Resources Public Co., Ltd.

1998-2003: President, PT. Lanna Harita Indonesia (Subsidiary)



**Mr. Suroj Subhasavasdikul**

**Positions:** Director and Authorized Director

**Age:** 77 years

**Nationality:** Thai

**Education**

- Ph.D. in Chemical Engineering Institute Du Genie Chimique, France
- Certificate: Thai Institute of Directors Association  
Director Accreditation Program (DAP) Class 39/2005

**Date of Appointment:** October 2, 1985

**Period of Directorship:** Holding Director Position since 1985 until present for a total of 34 years and 3 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 1 Company

**Past 5-Year Work Experience:**

2018-Present: Director and Chairman, Thai Agro Energy Public Co., Ltd. (Subsidiary Company)

1996-Present: Director, United Bulk Shipping Pte. Ltd. (Associated Company)

2006-2018: Director and Vice Chairman, Thai Agro Energy Public Co., Ltd. (Subsidiary Company)

1992-2011: Independent Director and Audit Committee Chairman, Royal Porcelain Public Co., Ltd.

1997-2012: Director, Lanna (Singapore) Pte. Ltd. (Subsidiary Company) (Company Dissolved)

1997-2002: Executive Chairman and Managing Director, Kohler (Thailand) Public Co., Ltd.

1992-2004: Director, Royal Porcelain Public Co., Ltd.

1994-2001: Director, Gulf Electric Public Co., Ltd.

1969-1971: Last Position: Executive Director and Deputy Managing Director, Project and Engineering Division, Siam City Cement Public Co., Ltd.



**Mr. Vanchai Tosomboon**

**Positions:** Director and Nomination and Remuneration Committee Member

**Age:** 70 years

**Nationality:** Thai

**Education**

- Master in Business Management, Asian Institute of Management
- Bachelor of Law, Thammasat University
- Certificate: Thai Institute of Directors Association  
Director Certification Program (DCP) Class 7/2001  
Director Accreditation Program (DAP) Class 7/2004  
Advanced Audit Committee Program (AACP) Class 19/2015  
Corporate Governance for Capital Market Intermediaries Class 10/2015
- Certificate: “Managing Corporate Resources”  
Institute of Management Development (IMD), Switzerland Year 2000
- Certificate: “Breakthrough Program for Senior Executives”  
Institute of Management Development (IMD), Switzerland Year 2002
- Certificate: “Senior Management Program”  
Institute of Management Development (IMD), Switzerland Year 2006

**Date of Appointment:** April 21, 1999

**Period of Directorship:** Holding Director Position since 1999 until present for a total of 20 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** 560,000 shares or 0.106 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business :** Listed Company – 1 Company  
: Non-Listed Company – 2 Companies

**Past 5-Year Work Experience:**

- 2015-Present: Director, Chip Mong Insee Cement Corporation (Cambodia)
- 2014-Present: Independent Director and Audit Committee Member, Krungsri Securities Public Co.,Ltd
- 2014-Present: Director of Governance, Risk and Compliance Committee,  
Director of Nomination and Compensation Committee, Siam City Cement Public Co., Ltd.
- 2012-Present: Consultant, Siam City Cement Public Co., Ltd.
- 2004-Present: Director, Siam City Cement Public Co., Ltd.
- 2017-2019: Director, Siam City Cement (Vietnam) Limited
- 2016-2019: Director, Siam City Cement (Lanka) Limited (Sri Lanka)
- 2004-2011: Director and Executive Vice President (Saraburi Operation), Siam City Cement Public Co., Ltd.
- 2002-2016: Director, Conwood Co., Ltd.
- 2004-2005: Chairman of the Board, Karat Faucet Co., Ltd.
- 1999-2005: Managing Director and Chairman of Executive Board, Royal Porcelain Public Co., Ltd.
- 1999-2004: Managing Director, Diamond Roofing Tiles Public Co., Ltd.





**Mr. Siva Mahasandana**

**Position:** Director

**Age:** 58 years

**Nationality:** Thai

**Education**

- MBA Finance and Investment, The George Washington University, USA
- Bachelor of Mechanical Engineering, Chulalongkorn University
- Advance Management Program, Harvard Business School, USA
- Certificate: Thai Institute of Directors Association  
Director Certification Program (DCP), Class 206/2015  
Corporate Governance for Executive (CGE), 2015  
Role of the Chairman Program (RCP), 2018
- Senior Management Program from Institute of Management Development (IMD), Switzerland, 2005
- Senior Leadership Program from Institute of Management Development (IMD), Switzerland, 2007
- Top Executive Program: Thailand Energy Academy , Class TEA7, 2015

**Date of Appointment:** April 25, 2016

**Period of Directorship:** Holding Director Position since 2016 until present for a total of 3 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 10 Companies

**Past 5-Year Work Experience:**

2019-Present: Chairman and Chief Executive Officer, Siam City Power Co., Ltd.  
 2019-Present: Member of the Executive Committee, Siam City Cement Public Co., Ltd.  
 2017-Present: Director, Nakorn Luang Concrete Co., Ltd.  
 2017-Present: Director, Insee Digital Co., Ltd.  
 2017-Present: Director, Siam City Cement (Vietnam) Limited  
 2017-Present: Director, Siam City Cement Trading Co., Ltd.  
 2016-Present: Director and Chief Executive Officer, Siam City Cement Public Co., Ltd.  
 2016-Present: Chairman, Globe Cement Co., Ltd.  
 2016-Present: Chairman, Insee Superblock Co., Ltd.  
 2016-Present: Chairman, Insee Ecocycle Co., Ltd.  
 2015-Present: Chairman, PT Conwood Indonesia Co., Ltd.  
 2015-Present: President, Conwood Co., Ltd.  
 2016-2019: Director, Siam City Cement (Lanka) Limited  
 2016-2019: Chairman, Siam City Cement (Bangladesh) Limited  
 2016-2017: Chairman, Siam City Power Co., Ltd.  
 2015-2017: Chairman, Insee Digital Co., Ltd.  
 2015-2016: Chairman, Nakorn Luang Concrete Co., Ltd.  
 2015-2016: Deputy Chief Executive Officer and Senior Vice President (Marketing and Sales),  
 Siam City Cement Public Co., Ltd.  
 2012-2015: Senior Vice President (Saraburi Operation), Siam City Cement Public Co., Ltd.



## **Mr. Padoong Techasarintr**

**Positions:** Audit Committee Chairman and Independent Director

**Age:** 79 years

**Nationality:** Thai

### **Education**

- Bachelor Degree : Accounting and Commerce, Thammasat University
- Certificate: Thai Institute of Directors Association  
The Role of Chairman Program (RCM) Class 6/2002  
Director Accreditation Program (DAP) Class 3/2003  
Director Certification Program (DCP) Class 55/2005

**Date of Appointment:** April 27, 1993

**Period of Directorship:** Holding Director Position since 1993 until present for a total of 26 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

### **Number of Director Positions in other Business**

- Listed Company – 4 Companies
- Non-Listed Company – None
- Foundation – 1 Place

### **Past 5-Year Work Experience:**

2000-Present: Independent Director and Audit Committee Member, Kulthorn Kirby Public Co., Ltd.  
1999-Present: Independent Director and Audit Committee Member, C.P. All Public Co., Ltd.  
1999-Present: Independent Director and Audit Committee Chairman, Textile Prestige Public Co., Ltd.  
1994-Present: Independent Director and Audit Committee Chairman, Thanulux Public Co., Ltd.  
1988-Present: Director, Than Tao Mahaprom Foundation Erawan Hotel  
1991-2013: Independent Director and Audit Committee Member, Thai Nam Plastic Public Co., Ltd.  
1984-2013: Director, T K Wax Co., Ltd.  
1977-2013: Director, Thai Castor Oil Co., Ltd.



**Mr. Adul Tantharatana**

**Positions:** Independent Director and Audit Committee Member

**Age:** 79 years

**Nationality:** Thai

#### **Education**

- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Certificates: Thai Institute of Directors Association  
Director Accreditation Program (DAP) Class 3/2003  
Director Certification Program (DCP) Class 38/2003  
Finance for Non-Finance Director (FN) Class 7/2003  
Audit Committee Program (ACP) Class 4/2005  
DCP Refresher Course (RE DCP) Class 1/2008  
Monitoring the System of Internal Control and Risk Management (MIR) Class 14/2013

**Date of Appointment:** June 21, 1993

**Period of Directorship:** Holding Director Position since 1993 until present for a total of 26 years and 6 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

#### **Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – None

#### **Past 5-Year Work Experience:**

2002-2005: Director, Siam Gypsum Industry Co., Ltd.  
1997-2004: Director, Lafarge Prestia Co., Ltd.  
1989-1999: Director, Sakdi Chaiyasit Co., Ltd.  
1988-1996: President, Siam Industrial Corporation Ltd.



**Mrs. Duangkamol Suchato**

**Positions:** Independent Director and Audit Committee Member

**Age:** 73 years

**Nationality:** Thai

**Education**

- B.A. (Accounting), Thammasat University
- Certificate: Thai Institute of Directors Association  
Director Accreditation Program (DAP) Class 64/2007  
Director Certification Program (DCP) Class 91/2007  
Audit Committee Program (ACP) Class 17/2007

**Date of Appointment:** May 1, 2007

**Period of Directorship:** Holding Director Position since 2007 until present for a total of 12 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** 180,000 shares or 0.034 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – None

**Past 5-Year Work Experience:**

2007-2011: Independent Director, Royal Porcelain Public Co., Ltd.

2007-2009: Audit Committee Member, Royal Porcelain Public Co., Ltd.

1999-2002: Independent Director and Audit Committee Member, Kohler (Thailand) Public Co., Ltd.

1970-2002: Last Position: Director, Executive Director and Deputy Managing Director, Central Administration  
Siam City Cement Public Co., Ltd.

1968-1969: Teacher Assistant, Faculty of Commerce and Accountancy, Thammasat University



## **Mr. Visit Tantisunthorn**

**Position:** Director

**Age:** 60 years

**Nationality:** Thai

### **Education**

- MBA, University of Wisconsin-Madison
- B.A. (Statistics), Commerce and Accountancy, Chulalongkorn University
- Certificate: Thai Institute of Directors Association  
Director Certification Program (DCP) Class 17/2001
- The National Defence Course for the Joint State-Private Sectors, Thailand National Defence College Year 2004
- Capital Market Academy Course (CMA) Class 3
- King Prajadhipok's Institute Course Class 5

**Date of Appointment:** December 19, 2000

**Period of Directorship:** Holding Director Position since 2000 until present for a total of 19 years

**Shareholding in the Company as at December 31, 2019:** 6,430,500 shares or 1.225 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

### **Family Relationship with Executives:**

- Cousin of Mr. Tanon Tantisunthorn, Company's Director
- Cousin of Mr. Tanat Tantisunthorn, Company's Marketing Advisor to Chief Executive Officer

### **Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 1 Company

### **Past 5-Year Work Experience:**

2015-Present: Independent Director and Audit Committee Chairman, Nok Airlines Public Co., Ltd.  
2014-Present: Director, True Visions Group Co., Ltd.  
2015-2018: Chairman, Thailand Management Association  
2006-2009: Director, IRPC Public Co., Ltd.  
2005-2009: Chairman, Royal Porcelain Public Co., Ltd.  
2001-2009: Secretary General, Government Pension Fund  
2001-2009: Director, Tippaya Insurance Public Co., Ltd.  
1998-2001: Last Position: Deputy Chairman, Grammy Entertainment Public Co., Ltd.  
1992-1998: Senior Vice President and Regional Director- Investment  
American International Assurance Co., Ltd.  
1984-1992: Director, Loan Department, Tisco Finance Public Co., Ltd.



**Mr. Akasit Jirayuwanon**

**Positions:** Independent Director

**Age:** 50 years

**Nationality:** Thai

**Education**

- Master of Engineering (Structural Engineering), King Mongkut's University of Technology Thonburi
- Bachelor of Engineering (Civil Engineering), King Mongkut's University of Technology Thonburi
- Certificate: Thai Institute of Directors Association  
Director Forum 2/2015 "Building Better Board Through Effective Independent Director"  
Director Accreditation Program (DAP) Class 137/2017
- The Stock Exchange of Thailand:  
CG Forum 3/2013: Conflict of Interest: Fighting abusive RPT  
CG Forum 4/2013: The Update COSO's 2013 Integrated Internal Control: What the Board and Management Should Do  
CG Forum 1/2014: Effectiveness in Boardroom: Route to Success & Best Practices  
CG Forum 2/2014: Corporate Governance in the Perspective of Investors  
CG Forum 3/2014: Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight

**Date of Appointment:** April 22, 2013

**Period of Directorship:** Holding Director Position since 2013 until present for a total of 7 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – None

**Past 5-Year Work Experience:**

2007-Present: Assistant Engineer, Eastern Star Real Estate Public Co., Ltd.  
2003-Present: Project Engineer, Merit Holdings (1989) Co., Ltd. and Affiliates  
1996-Present: Civil Engineer, BBTV Equity Co., Ltd.  
2013-2018: Executive Director, Agriculture and Asset Co., Ltd.  
2007-2018: Project Engineer, Tonson Property Co., Ltd.



**Mr. Tanon Tantisunthorn**

**Position:** Director

**Age:** 47 years

**Nationality:** Thai

**Education**

- Master of Science (Management), New York University
- MBA Finance, American University
- Bachelor of Engineering (Environmental), Chulalongkorn University
- Certificate: Thai Institute of Directors Association  
Director Certification Program (DCP) Class 56/2005
- The 3<sup>rd</sup> Training Course on Administrative Justice for Executives, 2012
- Leadership Program Class 21, The Capital Market Academy, 2015

**Date of Appointment:** April 22, 2003

**Period of Directorship:** Holding Director Position since 2003 until present for a total of 16 years and 8 months.

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:**

- Cousin of Mr. Visit Tantisunthorn, Company's Director
- Younger Brother of Mr. Tanat Tantisunthorn, Company's Marketing Advisor to Chief Executive Officer

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – None

**Past 5-Year Work Experience:**

2016-Present: Executive Vice President, Gulf Energy Development Public Co., Ltd.

2016-2019: First Senior Vice President, Gulf Energy Development Public Co., Ltd

2006-2007: Assistant secretary to Finance Minister, Ministry of Finance

2005-2006: Business Development Manager, Gulf Electric Public Co., Ltd.

2001-2005: Member of the House of Representative, Tak Province

1997-2000: Director, Fiscal Policy Office, Ministry of Finance



## Mr. Anun Louharanoo

**Positions:** Director, Authorized Director,  
Risk Management Committee Chairman,  
Nomination and Remuneration Committee Member, and  
Financial Advisor

**Age:** 66 years

**Nationality:** Thai

### Education

- B.A. (Accounting), Thammasat University
- B.A. (Law), Thammasat University
- Certificate: Thai Institute of Directors Association
  - Director Accreditation Program (DAP) Class 1/2003
  - Director Certification Program (DCP) Class 29/2003
  - Audit Committee Program (ACP) Class 2/2004
  - DCP Refresh Course (RE DCP) 2/2006
  - Improving the Quality of Financial Reporting (QFR) Class 2/2006
  - Monitoring the Internal Audit Function (MIA) Class 1/2007
  - Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007
  - Corporate Governance Workshop Board Performance Evaluation Year 2007
  - Role of Compensation Committee Program (RCC) Class 7/2008
  - R-ACF Audit Committee Forum (R-ACF 1/2016)
- The Stock Exchange of Thailand:
  - CG Forum 4/2014: Performance Assessment of the Board of Directors and Remuneration of Directors Forum
  - CG Forum 1/2015: CG in Substance, Corporate Culture and Corporate Governance
  - CG Forum 3/2015: Risk Oversight: High Priority Roles of the Board
  - Responsibilities of Directors and the Management in Internal Control Year 2015
  - M&A and Directors' Duties Year 2015
  - CFO in the New Financial World by the Securities and Exchange Commission Year 2015

**Date of Appointment:** October 2, 1985

**Period of Directorship:** Holding Director Position since 1985 until present for a total of 34 years and 3 months.

**Shareholding in the Company as at December 31, 2019:** 1,380,587 shares or 0.263 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

### Number of Director Positions in other Business

- Listed Company – 2 Companies
- Non-Listed Company – 4 Companies

### Past 5-Year Work Experience:

2019-Present:	Acting Chief Executive Officer, Thai Agro Energy Public Co., Ltd. (Subsidiary)
2016-Present:	Director, Lanna Power Generation Co., Ltd. (Subsidiary)
2008-Present:	Director, PT. Singlurus Pratama (Subsidiary)
2006-Present:	Commissioner, PT. Power Indonesia (Subsidiary)
2005-Present:	Independent Director, Audit Committee Member and Nomination and Remuneration Committee Diamond Building Products Public Co., Ltd.
2003-Present:	Director, Thai Agro Energy Public Co., Ltd. (Subsidiary)
1998-Present:	Director, PT. Lanna Harita Indonesia (Subsidiary)
2012-2018:	Independent Director and Audit Committee Chairman, TCM Corporation Public Co., Ltd.
2001-2015:	Chief Financial Officer and Company Secretary, Lanna Resources Public Co., Ltd.





## Mr. Srihasak Arirachakaran

**Positions:** Chief Executive Officer, Director, Authorized Director, Corporate Governance Committee Chairman, Risk Management Committee Deputy Chairman, and Nomination and Remuneration Committee Member

**Age:** 60 years

**Nationality:** Thai

### Education

- Ph.D., Petroleum Engineering, University of Tulsa, Oklahoma, U.S.A
- M.Sc., Petroleum Engineering, University of Tulsa, Oklahoma, U.S.A
- B.Sc., Petroleum Engineering (with honor) University of Tulsa, Oklahoma, U.S.A
- Certificate: Thai Institute of Directors Association
  - Director Accreditation Program (DAP) Class 107/2014
  - Director Certification Program (DCP) Class 198/2014
  - How to Develop a Risk Management Plan (HRP) Class 6/2014
  - Anti-Corruption Seminar Class 1/2015 “400 Companies Fighting Systemic Corruption”
  - The Power of Culture: From Performance Culture to Winning Culture, 2016
  - Board that Make a Difference (BMD), Class 5/2017
  - Strategic Board Master Class (SBM) Class 4/2018
  - Corporate Governance for Execution (CGE) Class 14/2019
  - Corporate Governance for Executive (CGE) Class 15/2019
  - Chairman Forum 2019: “Successful Corporate Culture Change from Policy to Practices”
  - Director Briefing: Boardroom Transformation, 2019
  - IOD National Director Conference 2019: Board of the Future
- Capital Market Academy:
  - Leadership Program Class 26, 2018
  - Thailand Import Export Data and Economic Outlooks, 2019
- Thai Listed Company Association:
  - CEO and IR Talk, Thai Listed Company Association, 2018
  - TIIP Open House “U.S.-China Trade War: Impact on Thailand”, 2019
- The Stock Exchange of Thailand:
  - CEO Club 2019 “Business Agility and Intrapreneurship”
  - CEO Club 2019 “Global Risks-What are the Implications for your Business”
- Other courses:
  - Operating Transparency Business in Asia Collective Action Coalition, CAC, 2016
  - Visit the Hongsa Coal-Fired Power Plant Project, Lao Industrial Energy Institute, 2016
  - Exponential Manufacturing Singularity University Thailand Summit 2019, The Federation of Thai Industries, 2019
  - Solar Power Generation System: Solar Rooftop and Solar Floating, Institute of Electrical and Electronics Engineers (IEEE), 2019
  - CEO Insight “A Proven Process for Getting Real Team and Organization Results”, PacRim Group, 2019
  - Translating Strategy into Execution, PacRim Group, 2019

**Date of Appointment:** January 1, 2016

**Period of Directorship:** Holding Director Position since 2016 until present for a total of 3 years and 11 months.

**Shareholding in the Company as at December 31, 2019:** 508,010 shares or 0.097 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 5 Companies

**Past 5-Year Work Experience:**

2016-Present:	Director and Acting Managing Director, Lanna Power Generation Co., Ltd. (Subsidiary)
2008-Present:	President Director, PT. Singlurus Pratama (Subsidiary)
2006-Present:	President Director, PT. Lanna Power Indonesia (Subsidiary)
2002-Present:	President Director, PT. Lanna Harita Indonesia (Subsidiary)
2015-Present:	Director, United Bulk Shipping Pte Ltd. (Associated Company)
2003-Present:	Director, Thai Agro Energy Public Co., Ltd. (Subsidiary)
2008-2015:	Director, PT. Singlurus Pratama (Subsidiary)
2006-2015:	Director, PT. Lanna Power Indonesia (Subsidiary)
2002-2015:	Director, PT. Lanna Harita Indonesia (Subsidiary)
2001-2015:	Business Development and Marketing Director, Lanna Resources Public Co., Ltd.



**Mr. Saharat Vatanatumrak**

**Positions:** Chief Officer – Corporate, Company Secretary, Risk Management Committee Member, Corporate Governance Committee Member and Secretary, and Nomination and Remuneration Committee Secretary,

**Age:** 55 years

**Nationality:** Thai

**Education**

- Bachelor of Engineering (Electrical Engineering), University of California, Los Angeles (UCLA), USA
- Certificate: Thai Institute of Directors Association  
How to Develop a Risk Management Plan (HRP) Class 6/2014  
CG Report Assessment Criteria, 2015  
CG Report, 2015  
Ethical Leadership Program (ELP) Class 5/2016  
Enhancing Good Corporate Governance based on CGR Scoreboard, 2016  
Seminar on Director Compensation Survey Report, 2016  
CGR Workshop 1/2017 “Enhancing Good Corporate Governance based on CGR Scorecard”  
Open House for Company Secretary, 2017  
Role of Company Secretary in Shaping Corporate Culture, 2019
- Stock Exchange of Thailand:  
CSR Engagement, 2014  
CG Forum 1/2016 “Ethics: Conscience on Good Governance Principle”
- Courses related to the duties of company secretary  
Corporate Secretary Development Program, Chulalongkorn University, 2004  
Company Secretary Program (CSP), Class 67/2015, Thai Institute of Director Association, 2015  
Board Reporting Program (BRP) Class 20/2016, Thai Institute of Director Association, 2016  
Effective Minutes Taking (EMT) Class 40/2018, Thai Institute of Director Association, 2018
- CEO and IR Talk, Thai Listed Company Association, 2018
- Other courses:  
Biomass and Waste Conversion Technologies, King Mongkut’s University of Technology North Bangkok, 2008  
Thai Intelligent Investors Program Class 18, Thai Investors Association, 2018

**Shareholding in the Company as at December 31, 2019:** 186,986 shares or 0.036 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – 4 Companies

**Past 5-Year Work Experience:**

2016-Present:	Chief Officer – Corporate and Company Secretary, Lanna Resources Public Co., Ltd.
2016-Present:	Director, Lanna Power Generation Co., Ltd. (Subsidiary)
2015-Present:	Director, PT. Lanna Power Indonesia (Subsidiary)
2008-Present:	Commissioner, PT. Singlurus Pratama (Subsidiary)
2004-Present:	Commissioner, PT. Lanna Harita Indonesia (Subsidiary)
2010-2015:	Commissioner, PT. Lanna Power Indonesia (Subsidiary)
2008-2015:	Senior Manager, Business Development, Lanna Resources Public Co., Ltd.



## **Mr. Sudusit Ounsangchan**

**Positions:** Chief Officer - Coal Business Development,  
Risk Management Committee Member, and  
Corporate Governance Committee Member

**Age:** 55 years

**Nationality:** Thai

### **Education**

- Bachelor of Engineering (Mining Engineering), Chulalongkorn University
- Certificate: Thai Institute of Directors Association  
Anti-Corruption in Practice, 2015  
How to Develop a Risk Management Plan (HRP) Class 10/2016  
Director Accreditation Program (DAP) Class 128/2016
- Stock Exchange of Thailand:  
CSR Engagement, 2014  
CG Forum 1/2016 “Ethics: Good Governance on Consciousness”, 2016
- Other courses:  
Creative Thinking and Analysis, The National Institute of Development Administration (NIDA), 2013  
A Leader with Positive Attitude, People Synergy Co., Ltd., 2015  
The Institute of Industrial Energy: New Power Development Plan (2015-2036) Future of Thailand’s Industry, 2015  
Department of Mineral Fuels: Public Hearing Seminar on Coal Fuel Act Draft B.E.2559  
Industrial Environmental Management, Technology Promotion Association (Thailand-Japan), 2017  
Executive Energy Program, Class 3/2017, Federation of Thai Industries, 2017

**Shareholding in the Company as at December 31, 2019:** 54,901 shares or 0.010 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

### **Number of Director Positions in other Business**

- Listed Company – 1 Company
- Non-Listed Company – 2 Companies

### **Past 5-Year Work Experience:**

2019-Present: Vice Chairman, ASN Broker Public Co., Ltd.  
 2017-Present: Director, PT. Singlurus Pratama Co., Ltd. (Subsidiary)  
 2016-Present: Chief Officer - Coal Business Development, Lanna Resources Public Co., Ltd.  
 2016-Present: Director and Independent Director, ASN Broker Public Co., Ltd.  
 2016-Present: Director, Lanna Power Generation Co., Ltd. (Subsidiary)  
 2010-2015: Senior Manager, Core Business Development, Lanna Resources Public Co., Ltd.  
 2003-2008: Manager, Core Business Development, Lanna Resources Public Co., Ltd.  
 1997-2002: Manager, Planning, Lanna Resources Public Co., Ltd.  
 1987-1996: Mining Engineer, Sahakol Engineering Co., Ltd.



**Mrs. Petcharat Chayanon**

**Positions:** Chief Officer - Finance and Accounting,  
Risk Management Committee Member, and  
Corporate Governance Committee Member

**Age:** 52 years

**Nationality:** Thai

**Education**

- B.A. (Accounting), Thammasat University
- Certificate: Thai Institute of Directors Association  
How to Develop a Risk Management Plan (HRP) 10/2016  
Anti-Corruption in Practice, 2016  
TLCA CFO Professional Development Program (TLCA CFO CPD), 2019
- Federation of Accounting Professions courses:  
Financial Reporting Standards: TFRS, 2013  
Draft of International Financial Reporting Standards: Financial Instruments, Accounting for Hedging and Rental Contracts, 2013  
Deferred Income Tax, 2015  
CFO Current Issues, 2016  
Public Hearing Seminar on Preparation of Financial Reporting Standards Draft on Financial Instruments (FRS9, TFRS7, and TAS32), 2016  
How Securities and Exchange Act and Anti-Money Laundering Act Related to Accountants, 2017  
Accounting Executive on Value Added and Sustainability of the Business According to Thailand 4.0 Model, 2018  
TFRS Sharing in Practices, 2019  
Future of Finance-Digital Disruption, 2019
- Stock Exchange of Thailand courses:  
Accounting Standards for Financial Instruments Coming Soon, 2013  
Financial Reporting Standards, 2014  
Strategic CFO in Capital Markets, 2015  
Importance Roles of Capital Market and Framework for Development Plan, 2016  
Preparation and Adoption of the Revised Standard of Financial Report on Financial Instruments, 2017
- Thai Listed Companies Association:  
CEO in IR Role and His Key Challenges and Breakout session: Group therapy “What has been your Challenges in 2014 and dealing with it”, 2015  
Strategic Financial Leadership Program (SFLP), 2018
- Other courses:  
Intensive Taxes Inspecting, Dharmniti Seminar and Training Co., Ltd., 2018

**Shareholding in the Company as at December 31, 2019:** 147,659 shares or 0.028 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – 2 Companies

**Past 5-Year Work Experience:**

2016-Present: Chief Officer - Finance and Accounting, Lanna Resources Public Co., Ltd.  
2010-Present: Director, PT. Lanna Power Indonesia (Subsidiary)  
2009-Present: Commissioner, PT. Singlurus Pratama (Subsidiary)  
2005-2015: Senior Manager - Accounting and Administration, Lanna Resources Public Co., Ltd.



**Mr. Vacharachai Nachailert**

**Positions:** Chief Officer - Domestic Marketing,  
Risk Management Committee Member, and  
Corporate Governance Committee Member

**Age:** 57 years

**Nationality:** Thai

**Education**

- B.A (Political Science), Ramkhamhaeng University
- Certificate: Thai Institute of Directors Association  
How to Develop a Risk Management Plan (HRP), 2016  
Anti-Corruption: The Practical Guide (ACPG), 2017
- Other courses:  
Boost Up Inspiration to Success, 2014  
A Leader with Positive Attitude, 2015  
Modern Supervisor Skills, 2016

**Shareholding in the Company as at December 31, 2019:** 185,303 shares or 0.035 percent of all shares with voting rights

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – None

**Past 5-Year Work Experience:**

2016-Present:	Chief Officer - Domestic Marketing, Lanna Resources Public Co., Ltd.
2008-2015:	Senior Manager - Domestic Coal Sales, Lanna Resources Public Co., Ltd.
1996-2007:	Manager-Domestic Coal Sales, Lanna Resources Public Co., Ltd.
1992-1996:	Section Head-Coal Sales, Lanna Resources Public Co., Ltd.



**Mr. Prasert Promdech**

**Positions:** Chief Officer - International Marketing,  
Risk Management Committee Member, and  
Corporate Governance Committee Member

**Age:** 51 years

**Nationality:** Thai

**Education**

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering (Mining Engineering), Chulalongkorn University
- Certificate: Thai Institute of Directors Association  
How to Develop a Risk Management Plan (HRP), 2016
- Other courses:  
Coal Trading & Risk Management, Coaltrans Conferences Ltd., Singapore, 2014  
24<sup>th</sup> Coaltrans Asia, Coaltrans Conferences Ltd., 2018  
China & International Coal Supply Summit, HIS Global Inc., 2018  
17<sup>th</sup> Coaltrans China 2019, Coaltrans Conferences Ltd., 2019  
Trade and Development Regional Forum, International Institute for Trade and Development, 2019  
Coaltrans Japan 2019, Coaltrans Conferences Ltd., 2019

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – 2 Companies

**Past 5-Year Work Experience:**

2016-Present: Chief Officer - International Marketing, Lanna Resources Public Co., Ltd.  
2010-Present: Director, PT. Lanna Power Indonesia (Subsidiary)  
2008-Present: Commissioner, PT. Singlurus Pratama (Subsidiary)  
2006-2015: Senior Manager - International Coal Sales, Lanna Resources Public Co., Ltd.  
2000-2004: Chief Coal Transshipment, PT. Lanna Harita Indonesia (Subsidiary)



**Mr. Yongyut Choochua**

**Position:** Deputy Chief Officer - International Marketing

**Age:** 49 years

**Nationality:** Thai

**Education**

- MBA, Logistics Management, Ramkhamhaeng University
- Bachelor of Commercial Navigation, Maritime Navigation, Merchant Marine Training Centre
- Other courses:
  - Marine and Transportation Insurance, Transportation Institute, Chulalongkorn University, 2004
  - BIMCO Asia Shipping School The Baltic International Maritime Council, Singapore, 2006
  - Transportation Laws and Regulations, Transportation Institute, Chulalongkorn University, 2006
  - Advanced Bill of Lading IBC Asia(S) Pte Ltd. (Hong Kong), 2010
  - Financial Management for Executives, Sasin Graduate Institute of Business Administration, Chulalongkorn University, 2010
  - Coal Trading & Risk Management, Coaltrans Conferences Ltd., Singapore, 2014
  - 24<sup>th</sup> Coaltrans Asia, Coaltrans Conferences Ltd., 2018
  - China & International Coal Supply Summit, HIS Global Inc., 2018
  - 17<sup>th</sup> Coaltrans China 2019, Coaltrans Conferences Ltd., 2019
  - Chief Transformation Officer (CTO), for high level executives (CEO or C-Level), MAI and MAI Listed Companies Association, 2019
  - Emerging Asian Coal Market 2019, Coaltrans Conferences Ltd., 2019

**Shareholding in the Company as at December 31, 2019:** None

**Direct and indirect interest in any of business with Company and its subsidiaries:** None

**Family Relationship with Executives:** None

**Number of Director Positions in other Business**

- Listed Company – None
- Non-Listed Company – 1 Company

**Past 5-Year Work Experience:**

2018-Present: Deputy Chief Officer-International Marketing, Lanna Resources Public Co., Ltd.

2017-Present: Director, PT. Lanna Power Indonesia (Subsidiary)

2016-2017: Senior Manager, Shipping and Administration, Lanna Resources Public Co., Ltd.

2012-2013: Deputy General Manager, Thoresen (Bangkok) Co., Ltd.

2010-2012: Operations Senior Manager, Thoresen (Bangkok) Co., Ltd.



## Shareholding in Lanna Resources Public Co., Ltd. by the Directors and Executives

Directors and Executives of the Company must report the shareholding in Lanna Resources Public Co., Ltd. of themselves, their spouses and children whom are minors to the Board of Directors' Meeting by including in the agenda of every Board of Directors' Meeting.

Directors and/or Executives	Number of Shares Held in Year 2019					Number of Shares Increase(+) Decrease(-) in 2019		
	Directors/ Executives	Spouse	Minor Child	Representative and/or related person	Total	% of Shareholding	Number of Shares	%
(1) Mr. Somkiart Limsong	-	-	28,562,460	4,793,000	33,355,460	6.353	-	-
(2) Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-	-
(3) Mr. Padoong Techasarintr	-	-	-	-	-	-	-	-
(4) Mr. Adul Tantharatana	-	-	-	-	-	-	-	-
(5) Mrs. Duangkamol Suchato	180,000	-	-	-	180,000	0.034	-	-
(6) Mr. Suroj Subhasavasdikul	-	-	-	-	-	-	-	-
(7) Mr. Kraisi Sirirungsi	9,697,781	-	-	-	9,697,781	1.847	-	-
(8) Mr. Akasit Jirayuanon	-	-	-	-	-	-	-	-
(9) Mr. Siva Mahasandana	-	-	-	-	-	-	-	-
(10) Mr. Vanchai Tosomboon	560,000	-	-	-	560,000	0.106	-	-
(11) Mr. Visit Tantisunthorn	6,430,500	-	-	-	6,430,500	1.225	-	-
(12) Mr. Tanon Tantisunthorn	-	-	-	-	-	-	-	-
(13) Mr. Anun Louharanoo	1,380,587	-	-	-	1,380,587	0.263	-	-
(14) Mr. Srihasak Arirachakaran	508,010	-	-	-	508,010	0.097	-	-
(15) Mrs. Petcharat Chayanon	147,659	-	-	-	147,659	0.028	-	-
(16) Mr. Prasert Promdech	-	-	-	-	-	-	-	-
(17) Mr. Vacharachai Nachailert	185,303	-	-	-	185,303	0.035	-	-
(18) Mr. Sudusit Ounsangchan	54,901	-	-	-	54,901	0.010	-	-
(19) Mr. Saharat Vatanatumrak	186,986	-	-	-	186,986	0.036	-	-

**Remarks:** Disclosed information on shareholding of directors and executives include spouse, minor child, representative and/or related person.

## Shareholding in Thai Agro Energy Public Co., Ltd (Subsidiary) by the Directors and Executives

Directors and/or Executives	Number of Shares Held in Year 2019					Number of Shares Increase(+) Decrease(-) in 2019		
	Directors/ Executives	Spouse	Minor Child	Representative and/or related person	Total	% of Shareholding	Number of Shares	%
(1) Mr. Somkiart Limsong	5,720,492	-	-	958,600	6,679,092	0.668	-	-
(2) Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-	-
(3) Mr. Padoong Techasarintr	-	-	-	-	-	-	-	-
(4) Mr. Adul Tantharatana	-	-	-	-	-	-	-	-
(5) Mrs. Duangkamol Suchato	36,000	-	-	-	36,000	0.004	-	-
(6) Mr. Suroj Subhasavasdikul	-	-	-	-	-	-	-	-
(7) Mr. Kraisi Sirirungsi	41,200,000	4,100,000	-	-	45,300,000	4.530	-	-
(8) Mr. Akasit Jirayuanon	-	-	-	-	-	-	-	-
(9) Mr. Siva Mahasandana	-	100,000	-	-	100,000	0.010	100,000	0.010
(10) Mr. Vanchai Tosomboon	502,700	-	-	-	502,700	0.050	502,700	0.050
(11) Mr. Visit Tantisunthorn	16,396,400	-	-	-	16,396,400	1.640	(776,600)	(0.078)
(12) Mr. Tanon Tantisunthorn	-	-	-	-	-	-	-	-
(13) Mr. Anun Louharanoo	4,771,895	-	-	-	4,771,895	0.477	-	-
(14) Mr. Srihasak Arirachakaran	45,940	-	-	-	45,940	0.005	-	-
(15) Mrs. Petcharat Chayanon	-	-	-	-	-	-	-	-
(16) Mr. Prasert Promdech	-	-	-	-	-	-	-	-
(17) Mr. Vacharachai Nachailert	120,000	-	-	-	120,000	0.012	120,000	0.012
(18) Mr. Sudusit Ounsangchan	-	-	-	-	-	-	-	-
(19) Mr. Saharat Vatanatumrak	20,000	-	-	-	20,000	0.002	20,000	0.002

**Remarks:** Disclosed information on shareholding of directors and executives include spouse, minor child, representative and/or related person.

**Positions of the Company's Executives  
in the Subsidiary, Associated and Related Companies as at December 31, 2019**

Executive Name	Lanna Resources Public Co., Ltd.	Subsidiary Companies					Associated Company	Other Related Companies
		1	2	3	4	5		
(1) Mr. Somkiart Limsong	X	-	-	-	-	-	-	-
(2) Mr. Paul Heinz Hugentobler	/	-	/	-	-	-	-	X
(3) Mr. Siva Mahasandana	/	-	-	-	-	-	-	/
(4) Mr. Vanchai Tosomboon	/	-	-	-	-	-	-	/
(5) Mr. Tanon Tantisunthorn	/	-	-	-	-	-	-	-
(6) Mr. Padoong Techasarintr	/,XXX	-	-	-	-	-	-	-
(7) Mrs. Duangkamol Suchato	/,///	-	-	-	-	-	-	-
(8) Mr. Adul Tantharatana	/,///	-	-	-	-	-	-	-
(9) Mr. Akasit Jirayuwanon	/	-	-	-	-	-	-	-
(10) Mr. Kraisi Sirirungsi	/	/	X	/	/X	X	/	-
(11) Mr. Suroj Subhasavasdikul	/	-	-	-	/X	-	/	-
(12) Mr. Visit Tantisunthorn	/	-	-	-	-	-	-	-
(13) Mr. Anun Louharanoo	/	//	/	//	/	/	-	-
(14) Mr. Srihasak Arirachakaran	/	XX	XX	XX	/	/	/	-
(15) Mrs. Petcharat Chayanon	-	-	//	/	-	-	-	-
(16) Mr. Prasert Promdech	-	-	//	/	-	-	-	-
(17) Mr. Sudusit Ounsangchan	-	-	-	//	-	/	-	-
(18) Mr. Vacharachai Nachailert	-	-	-	-	-	-	-	-
(19) Mr. Saharat Vatanatumrak	-	/	//	/	-	/	-	-
Subsidiary Company	1 = PT. Lanna Harita Indonesia      2 = PT. Lanna Power Indonesia      3 = PT. Singlurus Pratama 4 = Thai Agro Energy Public Co., Ltd.    5 = Lanna Power Generation Co., Ltd.							
Associated Company	United Bulk Shipping Pte. Ltd.							
Related Company	Siam City Cement Public Company Limited, holding 44.99% of paid-up capital in Lanna Resources Public Company Limited.							
Remarks : X = Chairman of the Board or President Commissioner, /X = Vice Chairman, / = Director or Commissioner, XX = Executive Chairman or President Director, // = Executive Director XXX = Audit Committee Chairman, /// = Audit Committee Member								

**Information on Directors of the Subsidiary and Associated Companies  
as at December 31, 2019**

Director's Name	Subsidiary Companies					Associated Company
	1	2	3	4	5	
1. Mr. Somchit Limwathanagura	-	-	-	/	-	-
2. Mr. Padetpai Meekun-iam	-	-	-	/, XXX	-	-
3. Mr. Kraisi Sirirungsi	/	X	/	/X	X	/
4. Mr. Paul Heinz Hugentobler	-	/	-	-	-	-
5. Mr. Suroj Subhasavasdikul	-	-	-	X	-	/
6. Mr. Somchai Lovisuth	-	-	-	/	-	-
7. Mr. Anun Louharanoo	//	/	//	/	/	-
8. Mr. Srihasak Arirachakaran	XX	XX	XX	/	/	/
9. Mr. Atichart Mongkol	//	-	-	-	-	-
10. Mrs. Petcharat Chayanon	-	//	/	-	-	-
11. Mr. Saharat Vatanatumrak	/	//	/	-	/	-
12. Mr. Panot Charoensuk	-	/	//	-	-	-
13. Mr. Thamrong Angsakul	//	-	-	-	-	-
14. Mr. Prasert Promdech	-	//	/	-	-	-
15. Mr. Sudusit Ounsangchan	-	-	//	-	/	-
16. Mr. Yongyut Choochua	-	//	-	-	-	-
17. Mr. Supamon Nirathron	-	//	-	-	-	-
18. Mr. Nitiphon Saihom	-	-	-	-	/	-
19. Mr. Ludi Prasetyo Hartono	-	-	//	-	-	-
20. Mrs. Yocke Kaseger	-	-	X	-	-	-
21. Mr. Sonny Susanto	-	-	//	-	-	-
22. Mr. Toto Iman Dewanto	-	-	/	-	-	-
23. Mr. Moch Syahrir	//	-	-	-	-	-
24. Mr. Parasian Simanungkalit, SH	X	-	-	-	-	-
25. Mr. Lee Boon Wah	//	-	-	-	-	/
26. Mr. Patrick Ng Bee Soon	-	-	-	-	-	X
27. Ms. Ng Bee Bee	/	-	-	-	-	/
Subsidiary Companies				Associated Company		
1 = PT. Lanna Harita Indonesia		2 = PT. Lanna Power Indonesia		United Bulk Shipping Pte. Ltd.		
3 = PT. Singlurus Pratama		4 = Thai Agro Energy Public Co., Ltd.				
5 = Lanna Power Generation Co., Ltd.						
Remarks : X = Chairman of the Board or President Commissioner, /X = Vice Chairman, / = Director or Commissioner XX = Executive Chairman or President Director, // = Executive Director XXX = Audit Committee Chairman, /// = Audit Committee Member						

## Remuneration of Directors and Executives

The Nomination and Remuneration Committee (NRC) has duty to establish the policy, rule, procedure and good practice for a suitable and fair nomination and determination of remunerations for the directors, executives and employees in accordance with the securities and exchange laws, regulations and good practices of the Securities and Exchange Commission and the Stock Exchange of Thailand including any laws relevant to the Company's business operation.

**Remuneration Policy of the Company:** The Company intends to pay fair and appropriate remuneration, both in short-term and in long-term, by considering the scopes of duties and responsibilities, achievements and expected benefits to be received from the directors, executives and employees. The remuneration is evaluated against the overall operating results of the Company in which comparisons are made with other companies in the same industry and listed companies in the Stock Exchange of Thailand of the same industrial sector.

**Rules on Consideration of Remunerations for the Directors, Executives and Employees of the Company are as follows:**

### **(1) Directors and Sub-Committees of the Company**

The NRC has duty to consider remuneration structure and rules on consideration of remuneration for the directors and sub-committees of the Company, which is appropriate and fair as follows:

(A) Consider directors' remunerations which are suitable and in line with the Company's short-term and long-term objectives by considering experience, scope of duties, accountability and responsibility, as well as benefits expected to be received from each director. For the directors who have been assigned with addition duties and responsibilities such as members of the sub-committees, should be receiving and appropriate and additional remunerations, which are comparable with other companies within the same industry and listed companies in the Stock Exchange of Thailand within the same industrial sector.

(B) Establish directors' remuneration structure and rule for both explicit (cash) and non-cash basis by considering each remuneration form appropriately including fixed remuneration (such as monthly meeting allowance) and remuneration paid according to yearly operating results (such as bonus or annual remuneration) by linking to the operating results and/or added value the Company has created for the shareholders, which should not be too high, resulting in a focus in just short-term turnover. Such remuneration structure shall be proposed for consideration by the Company's Board of Directors before further proposing for consideration by the shareholders' meeting.

(C) Consider the remuneration based on the operating results of the Company for each year.

(D) Consider the remuneration based on the self-assessment of the Board of Directors' and sub-committees' Performance for each year for further improvement of the effectiveness in work performance of the Board of Directors and sub-committee in the subsequent year.

(E) Establish the disclosure of policy and rule on directors' remunerations which reflect the roles, scope of authority, duties and responsibilities, including the form and amount of remuneration for each director for the whole board and sub-committees by disclosing the information within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

## **(2) Executives and Employees of the Company**

The NRC has duty to consider remuneration structure and rules on consideration of remuneration for the executives and employees of the Company, which is appropriate and fair as follows:

**(A) Consideration of short-term remuneration** including salary and annual remuneration (bonus) are undertaken as follows:

(1) Establish the monthly salary payment structure, annual remuneration (bonus), and annual salary increase for top executives and employees of the Company.

(2) Establish the Key Performance Indicators (KPI) for the Company to be used for consideration of salary adjustment and bonus payment for top executives and employees of the Company by considering the annual budget and achievement of main targets of the Company, as well as the market and economic situation and in the same level as others in the same industry and shall provide its opinions to the Company's Board of Directors for its consideration and approval.

(3) Establish rule for assessment of work performance of top executives and employees of the Company with additional assigned duties as per the overall KPI of the Company. Based on the assessment, the salary adjustment and annual remuneration (bonus) are then considered and shall provide its opinions to the Company's Board of Directors for its consideration and approval.

(4) Consider benefits and other welfares for the Company's top executives and employees in both explicit (cash) and non-cash basis each year.

**(B) Consideration of long-term remuneration** including compensation at the time of retirement or job quitting are undertaken as follows.

(1) The Company has established the Provident Fund for employees as well as top executives to encourage money saving by the employees. For the fund saving proportion, the employee is required to save at the rate of 5-15 percent of base salary and Company's contribution is at the rate of 5, 7.5 and 10 percent of base salary depending on employment period and willingness of the employee. The fund shall be paid back to the employee upon retirement or job quitting.

(2) The Company has conducted assessment of benefits of employees including top executives at retirement or when the employee quits the job, which are determined by the actuarial method, deriving from projected benefit liability of employee having right to receive severance benefit at retirement in accordance with the Labor Protection Act. Such liability has been calculated by the independent actuary and from assumptions based on the actuarial method termed the Projected Unit Credit Method, which is projected from current value of cash flow of benefit expected to be paid in the future by calculating based on salary of the employee, turnover rate of employees, mortality, employment period and other related factors.

(3) Other remunerations, such as the Employee Joint Investment Program (EJIP), were offered to the executives and employees, with NRC considering these incentives with intention to motivate directors, executives and employees to work with all their capacity, which should result in an increase in Company's share value in long term and retention of good quality employees. Nonetheless, such offer must not be too high and is also fair to the shareholders. Should any director or employee receive shares at more than 5 percent of the total number of securities, the NRC must consider its appropriateness and must follow the regulations of the Securities and Exchange Commission and in any case, none of the NRC Committee members being appropriated with more than 5 percent of the total number of securities can take part in such consideration and propose to the Board of Directors for consideration before proposing to the shareholders' meeting for consideration and approval (the Employee Joint Investment Program for Company's executives and employees has ended since December 31, 2016 without new EJIP being offered at the moment.)

## Remuneration of Directors and Executives

### (1) Remuneration of Directors and Executives in explicit (cash) basis.

(1.1) The Company has specified remuneration for Directors and specific committee clearly and transparently, which has been through deliberation from the Nomination and Remuneration Committee by considering and comparing with references from the same industrial sector, including the business size, business expansion and operating results such as revenue and profit of the Company, which has been approved by the Annual General Meeting Year 2019 with the following resolutions;

(1.1.1) Fixed monthly remuneration, with the Chairman receiving Baht 60,000 per month and the Directors receiving Baht 30,000 per month each.

(1.1.2) Annual remuneration in 2019, varied according to the Company's operating results of each year, has been paid to 14 Directors totaling Baht 5,904,000, using the basis by which 2 parts were given to the Chairman of the Board at Baht 787,200; and 1 part to 13 Directors at Baht 393,600 each person.

(1.1.3) The Audit Committee Members each receive fixed monthly remuneration. The Chairman of the Audit Committee receiving Baht 20,000 per month, with the other Audit Committee Members receiving Baht 15,000 per month per person.

(1.1.4) The Nomination and Remuneration Committee Members each receive fixed remuneration per meeting. The Chairman of the Nomination and Remuneration Committee receiving Baht 15,000 per meeting, with the other Nomination and Remuneration Committee Members receiving Baht 10,000 per meeting per person.

(1.2) Remuneration policy for directors of subsidiary companies; the Company shall consider appointing executives as directors of subsidiary companies in order to ensure that the subsidiary companies' operations conform to the policy framework and strategic direction of the Company.

The establishment of the remuneration policy for subsidiary companies' directors is based on the roles and powers of the subsidiary companies' Board of Directors and the investment size as well as business risk factors. In this regard, the executives, as directors of the subsidiary companies, may receive remuneration in accordance with the remuneration policy of each subsidiary company which has been specified.

The Company had paid remunerations for the Directors of the Company and subsidiary company in 2019 as follows:

Director's Name	Position	Remuneration for Year 2019		
		LANNA	Subsidiary Companies	Total
(1) Mr. Somkiart Limsong	Chairman	1,507,200	-	1,507,200
(2) Mr. Kraisi Sirirungsi	Director and NRC Chairman	783,600	2,012,635	2,796,235
(3) Mr. Paul Heinz Hugentobler	Director	753,600	-	753,600
(4) Mr. Siva Mahasandana	Director	753,600	-	753,600
(5) Mr. Suroj Subhasavasdikul	Director	753,600	1,198,412	1,952,012
(6) Mr. Vanchai Tosomboon	Director and NRC Member	773,600	-	773,600
(7) Mr. Visit Tantisunthorn	Director	753,600	-	753,600
(8) Mr. Srihasak Arirachakaran	Director, NRC Member and Chief Executive Officer	773,600	5,003,009	5,776,609
(9) Mr. Tanon Tantisunthorn	Director	753,600	-	753,600
(10) Mr. Anun Louharanoo	Director and NRC Member	773,600	2,966,687	3,740,287
(11) Mr. Padoong Techasarintr	Independent Director and Audit Committee Chairman	993,600	-	993,600
(12) Mr. Adul Tantharatana	Independent Director and Audit Committee Member	933,600	-	933,600
(13) Mrs. Duangkamol Suchato	Independent Director and Audit Committee Member	933,600	-	933,600
(14) Mr. Akasit Jirayuwanon	Independent Director	753,600	-	753,600
Remark : LANNA = Lanna Resources Public Co., Ltd.				

(1.3) The Company paid remunerations to 6 executives in the form of monthly salary, annual bonus and other welfares, by paying remuneration in 2019 totaling Baht 27.38 Million.

(1.4) The Company paid remuneration to Chief Executive Officer in the form of monthly salary and annual remuneration and other welfares, which varied according to operating results of the Company, by paying remuneration in 2019 totaling Baht 8.58 Million.

**(2) Other Remunerations:** Other than the above mentioned remuneration, the Company does not issue shares, warrant, convertible debenture and/or other privilege to directors and executives.

## INTERNAL CONTROL AND INTERNAL AUDIT

- The Board of Directors has placed emphasis on the effective internal controlling system on both the management level and operation level; therefore, duties and authorities of the staff and executives are clearly specified in writing. There exists supervision and control on the use of Company's assets for the benefit of the Company. Also, duties of the personnel are separated to create appropriate balance and check among each other. The Company has established the Internal Audit Office to conduct internal audit to ensure that main operation and important financial activities of the Company are effectively performed according to the established guidelines, as well as to review of compliances with relevant laws and regulations.

- The Board of Directors has placed emphasis on the risk management having appointed the Risk Management Committee comprising of executives from every department joining together as members to carry out the risk assessment of the business covering the whole organization as specified within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2). Compliance with relevant laws and regulations are consistently monitored and supervised.

- The Board of Directors has established corporate governance policy for every unit to carry out their work effectively and efficiently in accordance with the objectives and goals of the Company; to maintain and utilize the assets economically and appropriately; to assess and manage risks effectively and cautiously and continuously. Moreover, each unit must establish work system that is standard and has adequate internal control in order to control risks to within an appropriate level so not to have any significant impact to the Company's operation. Communication and development of staff within the unit have been established so to foster shared feeling to carry out work in accordance with appropriate practices, including compliance with the relevant laws and regulations and readily available for evaluation and review. These guidelines have been established as follows.

- (1) To establish adequate control environment by assigning duty and responsibility for the executive at every level to supervise and review the work system within the executive's own unit to achieve efficiency and effectiveness and in accordance with the working regulation of the Company, having internal control system that is secure, adequate and can be reviewed and every unit must prepare its own standard work manual.

- (2) To establish adequate risk assessment and management process by having each unit perform its own risk assessment on their work and find ways to mitigate the risks or reduce opportunity for the occurrence of such risks. The Company expects that every staff at every level take part in the assessment and control management of the risk in order to prevent from damage that may occur.

- (3) To establish adequate control activities in every duty and level according to acceptable level of risk by requiring each unit to have a standard work system with adequate internal control to control the risk to be within the acceptable level that does not significantly affect the operation of the Company.

- (4) To establish adequate information and communication system that are reliable and in time by improving and developing the information technology system to be effective and secure with adequate safety and protection of the information. This is to increase efficiency and effectiveness in the operation and management, to become dependable and that such information be used to communicate throughout the organization internally and to the outside. Moreover, there should be communication and development of staff within the unit to foster shared feeling to carry out work in accordance with appropriate practices, including compliance with the relevant laws and regulations.

- (5) To establish adequate monitoring and evaluation system by assigning duty and responsibility to the executive at every level to supervise and review the work system within the executive's own unit to achieve efficiency and effectiveness and in accordance with the working regulation. The Internal Audit Office shall support the executive of every unit in establishing the internal control system and conduct a review from time to time as deemed appropriate in order to ensure that every unit possesses efficient and effective internal control system and carry out matters according to the established procedure at all times, which will bring about overall improvement of various work systems of the organization to be more efficient and more effective overall.

- The Board of Directors reviews the Company's internal control system and performs assessment on the risk management at least once every year. The Board of Directors' Meeting No. 2/2020 dated March 2, 2020, having Audit Committee Members in attendance, has reviewed all 5 compositions of the internal control system of the Company and its subsidiaries, including (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information and Communication, and (5) Monitoring and Evaluation. The Board of Directors concluded that in 2019, the internal control system of the Company and its subsidiaries were sufficient and appropriate, by which the Audit Committee also shares the same opinion.

- The Audit Committee has approved to appoint Mrs. Wanna Chomkhokkrud as the Internal Audit Office Manager having opinion that she possesses the education, work experience and training appropriate and sufficient for such work and duties with effectiveness, having background as follows:

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**First and Last Name:** Mrs. Wanna Chomkhokkrud

**Current Position:** Internal Audit Department Manager,  
Secretary of Audit Committee, and  
Risk Management Committee Member and Secretary

**Age:** 54 years

**Nationality:** Thai

**Education:** B.A. (Accounting), Ramkhamhaeng University

- Thai Institute of Directors Association Courses  
Board Reporting Program (BRP), Class 20/2016  
Anti-Corruption in Practice, 2015  
How to Develop a Risk management Plan (HRP), Class 6/2014  
Tackling Corruption through Public – Private Collaboration, 2014  
Effective Minute Taking (EMT) Class 9/2008  
Company Secretary Program (CSP), Class 22/2007
- Stock Exchange of Thailand Courses  
Preparation for Internal Audit Office to be listed in the Stock Exchange, 2008
- Thai Institute of Internal Auditors Course: Emerging Identity of Internal Audit, 2014
- Federation of Accounting Professions under the Royal Patronage of His Majesty The King Courses  
Federation of Accounting Professions under the Royal Patronage of His Majesty the King: AC Hot Update,  
New CG for Sustainable Development, 2017  
Understanding Important Financial Reporting Standards and the Auditor's Report, 2019  
Corporate Governance Audit, 2019  
Risk and Internal Control Club: Practical Issues of the Risk Management and Internal Control System, 2017



**Shareholding in Company and Affiliates as at December 31, 2019**

- Holding 72,024 shares in Lanna Resources Plc. or 0.013 percent of all shares with voting right
- Holding 20,039 shares in Thai Agro Energy Plc. (subsidiary) or 0.002 percent of all shares with voting right

**Family Relationship with Executives:** None

**Past 5 – Year Work Experience:**

2009-Present: Internal Audit Department Manager, Lanna Resources Public Co., Ltd.

2001-2008: Internal Audit Division Supervisor, Lanna Resources Public Co., Ltd.

1992-2000: Accounting Department Manager, Lanna Resources Public Co., Ltd.

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- The Audit Committee has duty to consider the independence of the Internal Audit Department as well as to approve for the appointment, removal and transfer of the person in the position of Internal Audit Department Manager responsible for internal audit of the Company.

- Guidelines for the review and evaluation shall be emphasized on creativity and work system improvement. The report that the Internal Audit Department has prepared and agreed by the unit employing such work system shall be considered and approved by the Audit Committee before implementation. Should there be any work system in any unit that needs improvement for better efficiency or more security, it is regarded as the duty of every related unit that to improve or revise the system immediately. The Company regards that such duty is part of the work of such unit which must be accountable and is also part of the annual assessment of the relevant employees.



## **CORPORATE GOVERNANCE**

### **FUNDAMENTAL POLICY ON CORPORATE GOVERNANCE**

The Company is fully aware of the importance of good corporate governance and adheres to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment and gaining faith from all the stakeholders. The Company focuses on building values to the business and persons with associated interest in long term for sustainable growth and development of the Company in the future.

Accordingly, the Board of Directors has established its policy or basic principles of the corporate governance for use as guidelines for the business operation as follows:

(1) Establish the management structure of the Company so that there are clear scope of authorities, duties and responsibilities for the Board, sub-committees and the Management for confidence and effective work performance at all levels of the organization.

(2) Operate in such manner to assure that various courses of action of the Company are effectively and efficiently performed under effective internal control system with appropriate balance of authorities as well as having transparent operation which can be audited and effective information disclosure procedures.

(3) Operating in such manner to assure that the financial reports reflect actual operating results and status, including having assessment and establish appropriate level of risk protection and mitigation measures.

(4) Proceed with the matters concerning conflict of interest cautiously and reasonably, taking the interest of the Company into consideration.

(5) Oppose to any forms of corruption and instill moral principle and conscience among the executives and employees for good behaviors, honesty and discipline, and also be conscious of duties and responsibilities of own individual and to the working team, ready for better things and always be responsive to the changes.

(6) Aim to attain operational excellence by adhering to creating customers satisfaction by listening to comments, as well as performing self-assessment and review in order to continuously develop and create better things.

(7) Recognize and respect the ownership right of the shareholders, including the right stakeholders and treat them with justice and fairness, without being partial and provide opportunity for the stakeholders to express opinions and also provide channels for whistleblowing and filing complaints concerning any violation of law or deficiencies, as well as establishing measures for compensation in the case of stakeholders being damaged from such violation of the law.

(8) Conduct its business by considering its responsibility to the shareholders, stakeholders and overall community and society including conservation of environment by taking part in the creation and/or support of developments which are sustainable and beneficial to the overall society, at the level of the Company's status.

(9) Conduct its business with protection measures against anyone for using inside information of the Company dishonestly for their own benefit.

(10) Establish measures and procedures in reporting of fraudulent or suspecting a fraudulent and illegal conduct or other unusual activities which may cause significant damage to the Company's reputation and financial status, of which the incident must be reported immediately in order to correct the deficiencies or impacts without delay, including seeking protection measures to prevent such incident from happening again.

The Company is committed in conducting business with efficiency and effectiveness, having competitive potential with good performance. It is the responsibility of all executives and employees at every level of the Company to adhere and perform duties with accountability, prudence and integrity with equitable treatment of shareholders to protect the inside information of being used with dishonestly for the benefit of their own or for others, transparency and disclosure information, ethically conducted business with stakeholders and all relevant parties by not violate the human rights, political neutrality and oppose to any forms of corruption, in order for sustainable growth and development of the Company in long term.

## **CORPORATE GOVERNANCE POLICY AND CODE OF CONDUCT**

- The Board of Directors has appointed the Corporate Governance Committee (“CG Committee”) to responsible for ensuring that the Company adheres to the principle of Good Corporate Governance and business is conducted ethically and gaining faith from all the stakeholders with transparency and fairness.

- The Board of Directors has approved of the Corporate Governance Policy in writing by notifying everyone in the organization for practices, having disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) and periodically monitoring and reviewing its compliance with the said policy.

- The Board of Directors has approved of the Code of Conduct in writing by notifying everyone in the organization for practices, having disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) and periodically monitoring and performing assessment on the effectiveness of the Code of Conduct.

## **STRENGTHENING OF THE BOARD OF DIRECTORS EFFECTIVENESS**

### **(1) Structure of the Board of Directors**

- In 2019, the Board of Directors consisted of 14 directors, including 4 authorized directors and 6 non-executive directors and 4 independent directors and Audit Committee members. The Company has established description of the independent director of the Company equal the minimum qualifications established by the SEC and Stock Exchange of Thailand for the matter of shareholding in the Company; namely the independent director of the Company must not hold more than 1 per cent of all the number of shares with voting right.

- The Board of Directors appoints special committees as deemed necessary and appropriate in order to carry out various matters as delegated by the Board of Directors through the nomination process of the NRC to clearly separate roles, duties and responsibilities between the Board of Directors, sub-committees and the Management team and for the important issues to be thoroughly considered before presenting opinions to the Board of Directors for further consideration. There are 4 sub-committees; namely, Audit Committee (“AC”), Risk Management Committee (“RMC”), Nomination and Remuneration Committee (“NRC”), and Corporate Governance Committee (“CGC”). Details are shown under the topic “Management Structure” in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

- The Company has policy to occasionally appoint specific sub-committee as deemed necessary for future business operation in order to consider important issues that the Board of Directors deems important and may have significant impact on the business operation.

- The Nomination process for the Company’s directorship positions must go through the Nomination and Remuneration Committee. Nevertheless, the Board of Directors has provided opportunity for the minority shareholders to propose names of qualified persons for the directorship positions according to criteria or guidelines recommended by the Stock Exchange of Thailand, having notified the shareholders via the information dissemination of the Stock Exchange of Thailand and Company website.

- The Board of Directors consists of persons possessing knowledge, capability, experience and expertise in various professions, which are deemed beneficial to the Company’s operation, and with suitable qualifications to become the directors of the listed company according to the Company’s regulations and established laws.

- The Chairman is independent having no relationship whatsoever with the Management and is not a chairman or member in any other boards or sub-committees.

- The Chairman of the Board is not same person as the Chief Executive Officer or Managing Director in order to clearly separate the corporate governance policy making roles and the daily management role.

- The Company has published within the Annual Report the information on the representing directors for each group, having directors on the Board, excluding independent director, not yet proportional to the shareholding for each group. Details can be found under the topic “Major Shareholders and Shareholding Proportion” in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

- The number of years for the directorship position for each office term is in accordance with the regulation in the Public Limited Company Act B.E. 2535 but there is no specification on the number of terms that the director can continuously be in the position.

- The number of years in each term for the Audit Committee Member is stated in the Charter of Audit Committee but there is no specification on the number of terms that the Audit Committee Member can continuously be in the position.

- In order for the directors to dedicate time and effort for their duties, the Board of Directors has established the number of companies that each director may take up positions as follows:

- (1) Executive directors or full time directors may take up directorship position at no more than 4 listed companies.

- (2) Non-executive directors or professional directors may take up directorship position at no more than 5 listed companies.

- (3) The Chairman of the Board may take up the Chairman of the Board position at only 1 listed company.

- For the proposal of the persons for the directorship positions of the Company, sufficient information on directorship positions in other companies for each person must be provided to the shareholders for consideration before the voting for the appointment.

- Top executives may take up directorship positions in the Company’s subsidiaries or affiliated companies with an approval from the Board of Directors.

- The Company has appointed a person, a permanent employee, to be responsible for the work of the Company Secretary and has clearly established scope of authorities and duties of the executives for each level of work organization by separating authorities, duties and responsibilities in each of the level in descending order.

## **(2) Roles of the Board of Directors**

- The Board of Directors take part in giving approval of the establishment of policy, direction, vision, mission, goal, business plan and budget of the Company, as well as supervising the executives and the Management to have authority to approve and/or effectively and efficiently implement in line with established goal, business plan and budget. In 2019, the Board of Directors has reviewed and approved the vision, mission, goal and business direction of the Company, including reviewing important policies to be appropriate and consistent with the business operations in accordance with good corporate governance principles such as good corporate governance policy, anti-corruption policy, etc., as well as monitoring the implementation of the Company’s strategies. In the Board of Directors’ meeting, the Board is quarterly following up on the Management’s performance result by requiring the performance report and the operating results of the Company, especially, in terms of financial goals and plans in order to comply with the laid down strategies.

- The Board of Directors has duties to clearly establish and separate roles and responsibilities between the Board of Directors, sub-committees, and the Management, as well as having routine communications of such roles and responsibilities to the Board of Directors, sub-committees, Management and employees of the Company.

- The Board of Directors has established an effective internal control system, internal audit and risk management system for the Company, as well as having regular monitoring and review of above matters during the meeting of the Board of Directors.

### **(3) Transactions with Possible Conflict of Interest**

- The Company has established measures and procedure concerning the approval of transaction with conflict of interest; namely, connected transaction or transaction concerning acquisition or disposition of assets of the Company or its subsidiaries in order to comply with the regulation as well as related laws, as follows.

(1) Directors, executives and employees of the Company are prohibited from conducting business which is similar in nature to or in competition with the business of the Company and shall avoid engaging in the connected transaction which may create conflict of interest with the Company.

(2) The stakeholder or person who may have conflict of interest may not approve the transaction that is connected to oneself.

(3) The establishment of price or compensation must be based on normal business and general commercial terms with consideration on the best interest of the Company.

(4) The Audit Committee has to consider and provide comments on the said transaction. Should the Audit Committee possesses no expertise in any matter, the Company must provide independent expert to advise the Audit Committee for consideration before proposing to the Board of Directors of the Company and/or the shareholders' meeting for consideration and approval.

(5) In such case that the transaction is a commercial agreement that reasonable person ought to do with any contract party in general under the same situation, having commercial bargaining power without influence from the position of director, executive or related person on a case-by-case basis, or a normal business transaction or supporting normal business transaction with general commercial terms, the Company must present such agreement to the Board of Directors of the Company for consideration and approval or approval in principle, before the execution of the agreement, in compliance with the law of the Securities and Exchange.

- The Company has disclosed the information on related parties transactions or connected transactions within the Company's Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

### **(4) Report on Interest**

- The Company has established rules, procedures and details on the reporting on interest of the directors, executives and related persons, in accordance with the Securities and Exchange Law as follows:

#### **(A) Objectives**

(1) To comply with the Securities and Exchange Law which stipulates that the directors and executives must report to the Company on the interest or the related persons' interest in relation to management of the Company or the subsidiaries, in order for the Company to have such information to perform according to the regulations concerning with the connected transaction, which may result in a conflict of interest that may lead to the transfer of benefit of the Company and its subsidiaries.

(2) To comply with the Securities and Exchange Law which stipulates that in conducting the business of the company, the directors and an executives must perform their duty with responsibility, due care and loyalty (fiduciary duties), by making decision without interest whether directly or indirectly. Therefore, the aforementioned report on interest is beneficial to the monitoring and supervision of duties conducted by the directors and executives following the above principles.

(3) To comply with the Public Limited Company Law which stipulates that the director must notify the Company without delay for the following events:

(3.1) Having a direct or indirect interest in any contract which is made by the Company during an accounting year, by specifying the nature of the contract, names of the contracting party and interest of the director in the contract (if any);

(3.2) Holding shares or debentures of the Company and affiliated company, by specifying the total number of increasing or decreasing shares during the accounting year (if any).

## **(B) Procedures for Reporting on Interest**

(1) The directors and executives are required to file a report with the Company on the interest or the related persons' interest in relation to management of the Company or the subsidiaries by notifying the company secretary using the form established by the Company.

(1.1) First time report must be filed within 7 (seven) days after the effective date of the announcement or from the date of appointment as the director or executive for the case of appointment after this announcement has become effective.

(1.2) Reporting of change in information after the first time reporting in (1.1) must be filed without delay within 3 (three) working days starting from the date of the change in such information on interest.

(2) The Company Secretary shall forward a copy of the submitted report on interest of the directors and executives under (1) above to the chairman of the board of directors and audit committee chairman for their acknowledgement within 7 (seven) working days after the company has received such report and the company secretary shall keep record and maintain the submitted reports on interest of the directors and executives under (1) to be used by the Company for the above objectives.

(3) The Company shall disclose information on the submitted interest of the directors and executives under (1) above within the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company. However, only those items that are required by the established laws shall be disclosed.

## **(5) Report on Fraud or Illegal Conduct**

- The Company has established measures and procedure for the Company's executives to promptly report to the Company's Board of Directors and the Audit Committee in the event of frauds or suspecting of a fraudulent or illegal conduct or other unusual activities which may cause significant damage to the Company's reputation and financial status, which includes:

- (1) Transaction involving conflict of interest

- (2) Fraudulent or unusual activities or deficiency in the internal control system

- (3) Violation of the laws and regulations regarding the Securities and Exchange, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand or other laws concerning with Company's business operation.

Accordingly, the Board of Directors shall promptly correct the deficiency or its impact, including seeking protection measures to prevent such incident from happening again.

## **(6) Board of Directors' Meetings**

- Every director can express opinions independently. In the event that the number of votes are equal during voting by the Board of Directors, the Chairman, a non-executive member, has the right to cast the deciding vote.

- The Chairman and the Chief Executive Officer or the Managing Director together shall consider and choose the Board of Directors' meeting agenda and give opportunity for each of the directors to be able to propose matter for the meeting agenda.

- The Company Secretary prepares and forwards the meeting invitation 7 to 10 days in advance, so as to provide sufficient time for the Board of Directors to study and review the information for decision making and the Board of Directors may also request for additional information from the Company Secretary, having the Management and top executives attend the meeting to clarify any issues in order for the directors to have full understanding to properly consider and make decision on the matter.

- The minutes of the meetings have been recorded in writing and the approved minutes from the Board of Directors have been kept completely and in order, readily available for review by the Board of Directors and related parties. The meeting minutes cannot be revised without passing through the Board of Directors' Meeting.

- The Board of Directors' meeting is regularly scheduled at least once every two months (one meeting every other month). The meeting schedule, including date, time and venue, is proposed in advance for each year in order for the director to prepare his/her own schedule to attend the meeting. The extraordinary meeting is scheduled as necessary and appropriate with the business. Details of the board meeting attendance for the past year are shown in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2). The meeting agenda are clearly established in advance, having regular agenda for consideration of the operating results. Each meeting normally takes approximately 1 to 3 hours, depending on the extent of the meeting agenda considered during the meeting.

- Non-executive directors shall occasionally hold meeting among themselves as deemed appropriate and necessary. The Company's Board of Directors has established the policy to hold the Non-Executive Directors' Meeting at least once a year. In 2019, Non-Executive Directors Meeting No. 1/2019 was held on December 16, 2019.

#### **(7) Assessment of Performance of the Board of Directors and Sub-Committees**

- The Board of Directors has established criteria and arranged for the self-assessment on the performance as a whole board and of individual director at least once every year. The aforementioned Self-Assessment Form requests that the assessor specify the strong points, weak points and matters that require improvements. The Board of Directors has jointly considered the results of the assessment and established guidelines for improvement of the Board's performance in the following years for the best benefit to the Company.

- All 4 sub-committees comprise of Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination and Remuneration Committee ("NRC"), and Corporate Governance Committee ("CGC") have established criteria and arranged for the self-assessment on the performance as a whole board and of individual on a yearly basis. The aforementioned Self-Assessment Form requests that the assessor specify the strong points, weak points and matters that require improvements. Each committee has jointly considered the results of the assessment and established guidelines for improvement of each committee's performance in the following years for the best benefit to the Company.

#### **(8) Nomination and Appointment of Directors and Executives**

- The selection of candidates to nominate for director position of the Company will be considered by the NRC, which will be selected from experience, knowledge, ability and qualifications as required by law. The appointment shall be proposed to the Board of Directors for consideration before proposing to the shareholders' meeting for further consideration on the appointment of director of the Company.

- Composition and nomination, appointment, removal or termination of Company's directorship position have been specified within the Company's regulation which can be summarized as follows:

- (1) The Board of Directors consists of no less than 5 directors and not less than half of all the directors must residence in the Kingdom and must have qualifications as stipulated by the law.

- (2) The shareholders' meeting shall vote for the appointment of directors according to the following rule and procedure.

- (A) For each share that shareholder holds will be counted as one vote.

- (B) Each shareholder must use all the votes to appoint one person or several persons for the director position but cannot divide the votes into different number of votes for a particular person in case of appointments of several persons for the director positions.

- (C) The person receiving the highest number of votes in descending order will be appointed as the directors for the total number of director positions available at the time. In the case of a tie (equal number of votes) for successive positions available, the chairman of the meeting shall have the casting vote.

(3) At every Annual General Meeting of Shareholder, one-third of the directors shall be retired by rotation and if the number of directors is not divisible directly into three parts, the number of directors to be retired shall be the nearest to one-third. The number of directors to be retired in the first year and second year after the Company's registration shall be done by drawing lots. For subsequent years, the directors in position the longest time shall be retired first. The director retired by rotation may be re-appointed.

(4) Any director wishing to resign from the office shall submit resignation letter to the Company. The resignation will be effective from the date the letter is delivered to the Company.

(5) In the event of vacancy of director position for reason other than by rotation, the Board of Directors may select a person, who is qualified and not of forbidden nature under the laws of the Public Listed Companies and/or laws of the Securities and Exchange, to replace such director at the following meeting of the Board of Directors unless the remaining office term is less than two months. The replacement director shall retain the directorship position only for remaining term of office of his predecessor. Accordingly, the resolution of the Board of Directors must be passed by a vote not less than three-fourth of the number of the remaining directors.

(6) The shareholders' meeting may pass a resolution retiring any director from the office before the time of retirement by rotation by a vote not less than three-fourth of the number of the shareholders attending the meeting and entitled to vote and having shares in aggregate not less than one-half of the number of shares held by the shareholders attending the meeting and entitled to vote.

- The NRC shall consider initially the qualification of the person who will take the position of the Independent Director by considering the qualification and forbidding nature of the director according to the Public Limited Companies Act, Securities and Exchange Law, Notifications of the Capital Market Advisory Board including regulations and/or relevant rules. Furthermore, shall consider the selection of independent director from expertise, work experience and appropriateness in several aspects. The appointment shall be proposed to the Board of Directors for consideration before proposing to the shareholders' meeting for further consideration on the appointment of Independent Director of the Company. Accordingly, the Company has policy on the appointment of the Independent Directors for at least one-third of the total number of directors and must not be less than 3 persons.

- The independent director who has been nominated and appointed must have qualification and hold shares according to the regulation of the Office of the Securities and Exchange Commission as follows:

(1) Holding shares not more than one percent of all shares with voting rights of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of the particular independent director.

(2) Not being or used to be the director who takes part in the management of the Company, employee, staff member, advisor who receives a regular salary, or a controlling person of the Company, holding company, subsidiary company, associated company, subsidiary company of the same level, major shareholder, or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment. Nevertheless, such prohibited characteristic does not include the case where the independent director who used to be a civil servant or an advisor to the Government which is the major shareholder or controlling person of the Company.

(3) Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary company.

(4) Not having or used to have business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, in a way which may prevent independent judgment, as well as not being or used to be the significant shareholder or controlling person of the entity having business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment.

(5) Not being or used to be the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, and not being significant shareholder, controlling person or managing partner of the audit firm with staff being the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company in the firm, except having been out of the above position for at least two years prior to the appointment.

(6) Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht two million per year from the Company, holding company, subsidiary company, associated company, major shareholder, or controlling person of the Company, and not being significant shareholder, controlling person or partner of the such professional service provider, except having been out of the above position for at least two years prior to the appointment.

(7) Not being the director who has been appointed as the representative of the Company, major shareholder or shareholder whom is related to the major shareholder of the company.

(8) Not being an entrepreneur in any business similar to or material competing with the Company or its subsidiary company or not being the material partner in partnership, executive director, employee, staff, advisor who receives salary or holds more than one percent of total number of shares with voting right of the company similar to or material competing with the Company or its subsidiary company.

(9) Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the Company.

The Independent Director having qualification according to item (1) to (9) may be assigned by the Board of Directors to make decision in the business operation of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, major shareholder or controlling person of the Company, based on a collective decision. In the event that the person appointed by the Company as the independent director is the person whom has or used to have business relationship or is a provider of professional service with service fee exceeding the amount under the first paragraph of (4) or (6), the Board of Directors may consider for the allowance if it is deemed that the appointment of such person has no impact on the performance of duties and independence of opinions, and the Company has disclosed the following information within the invitation to the shareholders' meeting in the agenda concerning the consideration of the appointment of independent director.

(A) Characteristics of the business relationship or professional service, which have made such person to have the qualification not conforming to the established criteria.

(B) Reason and necessity for maintaining or appointing such person as the independent director.

(C) Opinions of the board of directors for proposing for the appointment of such person as the independent director.



- The Board of Directors of the Company or the shareholders' meeting appoints the Audit Committee consisting of at least 3 members by appointing from the Independent Directors of the Company having qualification according to the Securities and Exchange Law, including regulations and/or rules of the Stock Exchange of Thailand, through the deliberation of the NRC. Accordingly, each Audit Committee member shall have the office term of 3 years each. In addition, the Independent Directors who are also the members of the Audit Committee must have additional qualifications as follows:

(1) Must not be the Director assigned by the Board to make business operation decision of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, or corporate with possible conflict.

(2) Must not be the Director of the holding company, subsidiary company or subsidiary of the same level for only the listed company.

(3) Possesses sufficient knowledge and expertise to perform duties as the Audit Committee Member. Nonetheless, at least one member of the Audit Committee must have sufficient knowledge and expertise to perform and review a reliability of the financial statements.

- The NRC has duty to screen, select and appoint Chief Executive Officer according to the rules and procedure as established by the Board of Directors by selecting the individual with knowledge, capability as well as having suitable qualification and experience that is beneficial to the Company's business operation and management.

- The NRC has duty to screen, select and appoint the top executives from the director/chief officer level and above according to the established rule and procedure by selecting the individual with knowledge, capability as well as having suitable qualification and experience that is beneficial to the Company and appropriate with the position and responsibility on a case-by-case basis.

#### **(9) Remuneration of Directors and Executives**

- The Nomination and Remuneration Committee has duty to determine remuneration of directors and executives by establishing criteria that is comparable to the general practice of companies in the same industry or listed companies in the same sector. The remunerations are thoroughly considered with various factors including operating business result, profit, etc. and then presented to the Board of Directors for further approval from the shareholders meeting.

- Sub-committee members or directors who have been appointed and given additional duty will receive additional remuneration correspondingly.

- The Company had paid the remunerations to the directors and executives in 2019, having disclosed the information in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

#### **(10) Development of Directors and Executives**

- The Committee has conducted an orientation or a briefing for the new directors and executives for understanding of the business and duties as the directors and executives as well as to develop knowledge and new aspects in terms of corporate governance, industry outlook, and innovations in order to effectively perform their duty at the earliest. The Company Secretary arranges matters as follows:

(A) Must-know matters such as structure of business, structure of committee, structure of the company, scope of authority and responsibility as well as regulation related to business operation, etc.

(B) General business knowledge i.e. operating guidelines and operation plant visits.

(C) Arrange a meeting with Chairman of the Board, Chief Executive Officer of Managing Director for in-depth discussion regarding the business nature of the Company.

- The Board of Directors has established regulation on employee training and development, which executives shall enroll in Master of Business Administration and other courses in the leading university.

- The Company has established policy to provide knowledge to the directors continuously by enrolling them in the courses offered by the Thai Institute of Directors Association (IOD) and other courses for the directors to understand the role of director and also provide knowledge about business nature of the Company.

- The Company encourages continuous learning for executives and employees (e.g. the Company's Secretary, Auditor, Accountants, etc.). Employees shall enroll in courses or training programs that are related to their field of work in order to constantly increase the knowledge and new techniques.

#### **(11) Succession Plan**

- The Board of Directors has managed to ensure that the Company has the system for nomination and selection of personnel to assume the duties and responsibilities in every level of important executive positions suitable for the business of the Company.

- In case that Chief Executive Officer or Managing Director cannot perform their duties, the Company has senior executives below from the Chief Executive Officer or Managing Director who can take up the task.

- The Company has developed a strategic plan in selecting successor as follows:

(A) Analyzing situation of the Company: considering business expansion in 3-5 years, the Company has to estimate appropriate headcount and qualifications of employees.

(B) Investigating positions with risk: Human Resources and Administrative Department will review each position's years of service, numbers of employees expect to retire or to join early retirement program, and numbers of employees that may leave, in order to determine the competency of the workforce to carry out the Company's strategic plans. Otherwise, how long it would take to recruit new employees for the Company's expansion.

(C) Planning employee recruitment and development: specify desired requirement of knowledge, ability, personality, skills and attitude.

(D) Selecting and reviewing performance and potential: to review employee performance and potential for promotion, 360-degree feedback from supervisor, coworker, subordinate and customer (if any), in order to minimize biased opinions and error in evaluation.

(E) Identifying the successor: Human Resources and Administrative Department must notify the qualified candidate in advance of trainings in preparation for new duty which normally takes a year before the opening of position. The employees must realize the importance of their positions to the Company hence the importance of a prompt replacement in case of one is promoted.

(F) Timely reviewing and developing: even after passing the evaluation, it is not certain that the successor can perform according to expectation therefor a performance evaluation from time to time, to review the learning curve and self-improvement, is crucial. If the performance does not meet the expectation, a more suitable candidate will replace in timely manner. A strategic plan for finding a succession for important positions allows the Company to potentially and effectively sustain a continuous long termed growth.

#### **CONTROL OVER OPERATION OF SUBSIDIARY COMPANIES AND ASSOCIATED COMPANY**

- The Company has policy for investment in subsidiary companies or associated company with the same or similar business nature or business that supports Company's business and increases operating results or profit, or business that has synergy with the Company, which can support the core business of the Company to be more complete.

- The investment in the subsidiary companies and associated company shall be under the control and inspection by the Board of Directors. For the control of the subsidiaries company and associated company, the Company shall consider sending the director of the Company or select executive with suitable qualifications and experience for the business to be a representative in management to establish important policy and control over the management of such subsidiary companies and associated company such as capital increase or reduction, termination of the company, etc., as well as control over complete and accurate disclosure of information concerning financial status and operating results, related transactions which are connected transactions, acquisition and disposition of assets or any other transactions in accordance with relevant laws and regulations with transparency.

- Establish criteria for jointly investments in other significant businesses such as businesses with a shareholding proportion from 20 percent but not more than 50 percent of the investment amount or may require significant additional investment in the future. In case of necessity, the Board of Directors may require the preparation of Shareholders' Agreement or other agreements to be clear about the authority of management and participation in making important decisions, as well as monitoring the subsidiary's performance to be used as information in the preparation of the consolidated financial statements of the Company according to the standards and specified period.

#### **THE APPOINTMENT OF THE AUDITOR AND DETERMINATION OF AUDIT FEE**

- The Audit Committee has duty to select, propose to appoint the Company's auditor and determine the annual audit fee, as well as re-appointment or removal of continuing auditor based on the trustworthiness, adequacy of the resources, amount of work handled by such audit firm or the experience of the personnel assigned to perform the financial audit of the Company and the appropriateness of the proposed fee. The Company and affiliated companies has engaged the auditor affiliated with the same auditing office.

- The Annual General Meeting of Shareholders Year 2019 has appointed the auditor from EY Office Limited to be the Company's auditor for year 2019, with independence, reliable and no connected relationship and/or having interests with the Company, subsidiary companies, directors, executives, major shareholders or related persons by determining the audit fee in year 2019 at the amount of Baht 1,350,000.

#### **SUPERVISION OVER THE USE OF COMPANY'S INSIDE INFORMATION**

- The Company has established measures and regulation concerning the protection against the use of Company's inside information, which has not been disclosed to the public, for the benefit of oneself or other persons as follows:

- (1) The Company has notified the Directors and executives for acknowledgment of their duty to report the securities holding in the Company of oneself, spouse, minor child and nominee, including the report of changes in securities holding to the Securities and Exchange Commission and acknowledgment of penalties according to the law on Securities and Exchange.

- (2) The director, executive, manager and employee who are aware of inside information of the Company are prohibited to disclose any inside information to any outside person or any person who has no relevant duties and are prohibited to trade the Company's securities during the 1-month period before the financial statements are disclosed to the public.

- (3) The director, executive, manager and employee are prohibited to use the Company's inside information that have not been disclosed to the public which are significant to the change in the price of the Company's securities to seek benefit for oneself and/or for the trading of the Company's securities. Should anyone violate the above stipulation, the Company will proceed according to the relevant laws and severely punish such person based on facts and findings of the incident on a case-by-case basis.

(4) In case of director, executive, manager and employee being convicted in a criminal case according to the Securities and Exchange Law, the Company will severely punish such person according to one or several of the followings.

(A) Reduce the salary or compensation

(B) Terminate, fire or remove from the position of director, executive, manager or employee, alleging that the person has intentionally caused damage to the Company. Should the convicted person hold the directorship position in the Company, the matter will be proposed to the shareholders' meeting for its consideration of the punishment.

(C) Notify the incident to the Stock Exchange of Thailand and/or the Securities and Exchange Commission.

(D) Report the case for a legal prosecution.

(E) Carry out other matters according to the resolutions by the Board of Directors or shareholder's meeting of the Company.

(5) The Company expects that every director, executive, manager and employee at every level of the Company report in good faith to the superior of any misconduct or doubtful conduct in violation of the principles concerning the use of Company's inside information for the benefit of oneself. The superior is deemed to have duty in monitoring and supervising the subordinates on the use of Company's inside information for compliance with the established regulation.

#### **REGULATION CONCERNING CONFIDENTIALITY**

- The Company has established measures and procedure concerning the protection of trade secrets which are deemed important to the Company's business operation and cannot be disclosed to the public by establishing a data security system, which includes defining policy and procedures to protect confidentiality, integrity and availability of data, as well as managing market sensitive information as follows.

(1) Protection of Company's Confidential Information

(A) The Company's Board of Directors, executives and employees must protect the confidential information and documents that cannot be disclosed and/or trade secrets including formulas, inventions, and researches which the Company has the sole right.

(B) The persons holding position of Company's directors, executives, staffs and employees must not disclose confidential information and documents or trade secrets for another 2 years after leaving such position.

(C) The executives and employees of the Company must acknowledge the procedure and measures in the safety protection of information, which must be strictly adhered to, in order to prevent from unintentional disclosure of confidential information.

(2) Level of Confidential Information

(A) The Company's trade secrets must be concealed and not leaked out, depending on the significance of the information such as information that can be disclosed, concealed information, secret information, top secret, etc.

(B) Using of internal information must only be in the assigned scope of duty and responsibility.

(3) Provision of Information to the Outsiders

(A) Director or executive assigned by the Company shall only be the person approving for the public disclosure of the information.

(B) Disclosure of information of other investors must be approved by such investors (if any).

(C) Units that are designated to provide information to the public are Business Development and Investor Relations Department and Accounting and Finance Department by having such unit to prepare the details.

(D) In order to comply with the regulation of the Stock Exchange of Thailand and/or other relevant laws regarding information disclosure of the listed companies, the Company has established that the person inquiring for news and information of the Company must contact the Investor Relations Office.

(4) Comments to the Outsiders

(A) Normally, the executive and/or employee of the Company must not disclose or express opinion to the outsider.

(B) The executive and/or employee must ask oneself first whether or not he/she has duty to answer such inquiries from the outsider. If not, he/she should politely refuse and recommend that the outsider directly make inquiry to the responsible unit.

#### **TRADING OF THE COMPANY'S SECURITIES**

- The Company has determined the rules and procedures for reporting on the trading of the Company's securities being held by the directors and executives of the Company that must follow the requirements of the SEC and the Stock Exchange of Thailand as follows:

(1) The Board of Directors, executives from the director/chief officer level and above and accounting and finance manager has duty to report the holding of their securities in accordance with the regulations of the SEC and the Stock Exchange of Thailand.

(2) The Company, subsidiary company and/or associated company of the Company, which are listed in the Stock Exchange of Thailand, must comply with laws related to the use of inside information. Every shareholder shall be treated fairly and equitably. In order to prevent illegal act by every Company's employee at every level and their families who acknowledge or may become aware of Company's inside information that have not been disclosed to the public, the Company prohibits such persons from trading or persuade other people to buy or sell or offer to buy or sell the securities of the Company, subsidiary company and/or associated company that are listed in the Stock Exchange of Thailand, regardless of whether by oneself or through broker, during the time that such information have not been disclosed to the public. The Company and the Stock Exchange of Thailand consider this act as speculative trading of securities or creating advantage for certain group of people.

(3) The Company has established a security system at the workplace to protect confidential files and documents and limit access to non-disclosed information by allowing only related persons to acknowledge the information as necessary. Therefore, it is a duty of the owner or holder of the information not disclosed to the public to reiterate relevant persons to strictly follow the procedure concerning information security. Those who violate the rule on using inside information will face disciplinary action and/or legal action depending on the case.

(4) The Company prohibits the directors, executives, managers and employees whom have acknowledged inside information of the Company from trading Company's securities within 30 days prior to Company's submission and disclosure of quarterly and yearly financial statements to the SEC, SET and the public later.

(5) The Company has established that the directors, executives, managers and employees whom have acknowledges inside information of the Company to notify the Company Secretary at least one day ahead of Company's securities trading.

#### **MAINTAINING FINANCIAL RELIABILITY**

- The Company has established regulation concerning with the accounting and financial transactions by specifying that the transactions be recorded accurately and completely which can be reviewed, according to the regulation of the Company and related laws. Moreover, every employee must adhere to the principles of honesty and ethics in their work and duties as follows.

(1) Accuracy of the Records

(A) All business transactions of the Company must be recorded accurately and completely which can be reviewed without any limitation or exception.

(B) Recording of the accounting transaction and business record must be based on facts without distortion or making any false transaction record regardless of any objectives.

(C) The employee at every level must carry out business tasks in conformation and in accordance with the rules and regulations of the Company, including accurate and complete supporting evidence and documents of the business transaction records. Accordingly, the information must be adequately and promptly provided so that the responsible employee in charge of the record taking and preparation of all types of accounting and financial transactions of the Company can record such transactions with accurate and complete details.

(2) Accounting and Financial Reports

(A) Every employee must not distort any information or make false transaction record regardless of whether they are accounting and financial information or any other business information of the Company.

(B) Every employee must realize that the accuracy and completeness of the accounting and financial transaction are joint accountability of the directors, executives and employees.

(C) Every employee has duty and responsibility to prepare and/or provide detailed information supporting the accounting and financial transaction accurately and completely in accordance with the facts.

(3) Legal Compliance

(A) Every employee at every level must comply with the rules and regulations in accordance with the relevant laws in the preparation and record of the accounting and financial transactions of the Company with accuracy and completeness.

(B) Every employee at every level must adhere to the principles of honesty without prejudice and with trustworthiness in recording and filing of the information, as well as not involving in any illegal and unethical activities.

**INFORMATION DISCLOSURE AND TRANSPARENCY**

- The Company has disclosed important information including financial information and other information accurately, completely, timely, transparently, and in accordance with the criteria established by Securities and Exchange Commission and the Stock Exchange of Thailand. During the past year, the Company has not been punished or acted upon concerning incorrect disclosure of information. The Company believes in the importance of information disclosures that affect the decision of investors and stakeholders equally and periodically performs assessment on the information disclosure process.

- The Company has adequately and appropriately disclosed information within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) according to the regulations of Securities and Exchange Commission and the Stock Exchange of Thailand.

- The Company has disclosed its shareholding structure by explaining and showing details on major shareholders and shareholding proportion of the minority shareholders completely and clearly and disclosure of information of shareholding by the directors and executives within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

- The Company has prepared the statement of the Board of Directors' responsibilities to the financial report to be presented together with the auditor's report within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

- The Company has prepared the Management Discussion and Analysis (MD&A) to be disclosed together with the Financial Statements of each quarter and yearend for shareholders' and investors' acknowledgement and understanding of changes in the Company's financial and performance during each quarter and year.

- The Company has disclosed the roles and responsibilities of the Board of Directors, sub-committees, number of meetings and number of time attendance of each director in the past year, including suggestions on performing important duties (if any) within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

- The Company has disclosed the policy on remuneration of directors and executives that reflect duties and responsibilities of each individual, including type and characteristic of remuneration within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

- The Company has disclosed the audit fees and other expenses from the services provided by the auditor for both the Company and its subsidiaries within the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

- The Board of Directors is accountable for the financial statements and financial information, which is endorsed by the Chairman of the Board and Chief Executive Officer or Managing Director, as appeared in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2), prepared in accordance with the generally accepted accounting standards by using accounting policies that are appropriate and corresponding to the business operation, taken on the regular basis with careful consideration. Important information are also adequately disclosed within the Notes to Financial Statements, which are supervised and responsible by the independent auditor and the Audit Committee on the quality of such financial information.

- The Company has established the Investor Relations Unit to be responsible for communications with the investors, shareholders, as well as analysts and relevant government sectors, of which can be contacted by telephone at 02-253-8080 or e-mail address: [thanyaras@lannar.com](mailto:thanyaras@lannar.com).

- In 2019, The Company has organized 3 meetings between the Company and analysts from securities companies and financial institutions as follows:

**First Meeting:** On May 22, 2019, with presentation of operating results of year 2018 and the first quarter of 2019 and projected performance for the second quarter of 2019, as well as market conditions, including coal and ethanol price trend and also report on the progress of investment projects for 2019 and other ongoing projects in the pipeline.

**Second Meeting:** On August 22, 2019, with presentation of the operating results of the second quarter of 2019 and the first six-month period of 2019, and projected performance for the third quarter of 2019, as well as market conditions, including coal and ethanol price trend and also report on the progress of ongoing investment projects.

**Third Meeting:** On November 25, 2019, with presentation of the operating results of the third quarter of 2019 and the first nine-month period of 2019, and projected operating results for the fourth quarter of 2019, as well as market conditions, including coal and ethanol price trend and also report on the progress of ongoing investment projects.

#### **RIGHT OF SHAREHOLDERS AND EQUITABLE TREATMENT OF SHAREHOLDERS**

- The Board of Directors recognizes the importance of the right of shareholders as owners of the Company by adhering to the criteria established by the laws and encourages the shareholders to exercise basic rights of the laws. In 2019, the Company convened the Annual General Meeting of Shareholders on April 22, 2019 between 15.00 hrs. to 16.32 hrs. at the Crystal Hall A, 3<sup>rd</sup> Floor, the Athenee Hotel Bangkok, a Luxury Collection Hotel, 61 Wireless Road, Lumpini, Pathumwan, Bangkok, which was at a convenient location for access and transportation. The meeting was attended by 13 directors out of 14 directors, and was conducted according to guidelines within the AGM Checklist, prepared by the Securities and Exchange Commission (SEC) in corporation with the Thai Investors Association and Listed Companies Association. The Company has received a full score of 100 points or “Excellent” on the quality assessment results on the arrangement of the annual general meeting of shareholders for 9 consecutive years from 2011 to 2019.

- The Company assigns Thailand Securities Depository Co., Ltd., Company's Share Registrar, to forward the invitation to the shareholders' meeting including relevant documents and information on each of the meeting agendas to the shareholders in advance by 21 days prior to the meeting date which exceeds the time period specified by the law, included the notice calling for the meeting or the meeting invitation shall also be published in a newspaper at least three days prior to the meeting date, in order to provide opportunity for the shareholders to study the information in details. The same information has also been disseminated on the Company website in both Thai and English language for 30 days prior to the meeting date, so that the shareholders may have access to the information quickly and conveniently.

- The Company does not infringe upon the right of shareholders in the studies of Company's information and shareholders' meeting attendance. For instance, the Company does not suddenly hand out additional important documents in the shareholder's meeting; does not add or revise important information on the meeting agenda without informing the shareholders in advance; does not limit the right to attend the meeting by shareholders who are late, etc.

- The Company provides opportunity for an individual shareholder or combined number of shareholders with shareholding of no less than 0.50 percent of the total number of voting rights of the Company to have the right to propose matters for inclusion as the meeting agenda for the shareholders' meeting and to propose a nomination of new director in advance. The Company conducts this matter by receiving the proposal prior to the shareholders' meeting from October 1<sup>st</sup> through December 31<sup>st</sup> of every year with the shareholder having to propose such matter in writing and sending it by mail or by facsimile to the Company Secretary or sending it through the website to for initial notification before sending document to the Company Secretary.

- ***By Mail to:***

- ***Company Secretary of Lanna Resources Public Co., Ltd.***

- ***888/99 9<sup>th</sup> Floor, Mahathun Plaza Building, Ploenchit Road***

- ***Lumpini, Pathumwan, Bangkok 10330***

- ***By E-mail Address: saharat@lannar.com***

- ***Telephone: 02-2538080 Facsimile: 02-2536822***

- In summoning of the shareholders' meeting, the Board of Directors shall comply with the criteria established in the Company's Articles of Association and the AGM Checklist of SEC by notifying the rules and practices of attendance, grant of proxies for presence and votes at the meeting, as well as forward all three proxy forms as established by laws to the shareholders in advance including the meeting invitation by providing option for the shareholder to appoint the proxy from at least two independent directors and encouraging the shareholder to use the proxy form which comments may be specified for the voting.

- The Company has provided adequate information for each meeting agenda within the shareholders' meeting invitation for decision making, including, background and rationale and opinion of the Board of Directors. The shareholders have also been provided with the opportunity to post questions in advance of the meeting date by sending the questions through Company's website or via facsimile.

- At the shareholders' meeting, the Company has engaged Inventech Systems (Thailand) Co., Ltd. to render services supervising vote counting for each meeting agenda. The procedure on voting and vote counting are announced to the shareholders before commencement of the meeting agendas. Voting ballots shall be provided for voting during important agendas and for appointment of directors, which shall be voted individually. Meeting resolutions shall be recorded clearly, including the number of "approval", "disapproval" and "abstain" for every meeting agenda that requires voting. The Company will reveal the voting result of each agenda on the next working day through the Stock Exchange of Thailand.



- The shareholder has the right to vote at the shareholders' meeting with one share being counted as one vote. In addition, the shareholder also has other basic rights such as right to receive the dividend payment, right to consider the remuneration of directors every year, etc., of which the Company has strictly complied with the established regulation and law already.

- At the shareholders' meeting, the Board of Directors and Executives, comprising of the Chairman, Chief Executive Officer, Chairman of the Audit Committee and Chairman of each sub-committees, etc. shall attend the meeting to clarify and answer questions to the shareholders' meeting with the Chairman of the Meeting provides equal right and full opportunity for the shareholders to audit Company's operation by posing inquiries, making opinions, and/or offering recommendations, in which important inquiries and recommendations shall be recorded in the meeting minutes.

- The Company Secretary and the assigned working team have prepared the shareholders' meeting minutes to include all important matters and has forwarded the shareholders' meeting minutes to the Stock Exchange of Thailand and disseminated on the Company website within 14 days after the meeting has been completed. The shareholder has the right to examine the meeting minutes, supporting documents and other important documents at all time.

- In 2019, the Company did not arrange any visiting trip to the business operation; nonetheless the Company follows the guideline established by the Thai Institute of Directors Association, which will carry out the project on company visit of listed companies' for the best interest of the shareholders and investors. Regardless, the Company may consider on arranging plant visit program occasionally in the future, such as once every three years.

## **ROLES OF STAKEHOLDERS**

- The Board of Directors has established the fundamental policy on corporate governance for practices toward each group of stakeholders by recognizing the rights of stakeholders in accordance with the laws or agreements with the Company without doing anything that would violate the human rights, copyright and intellectual property and/or violate the rights of those stakeholders, including anti-corruption and prohibit bribery for business interest by notifying the above policies to everyone in the organization for compliance and also disseminating the information within the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) and Company's website.

- The Board of Directors has established measures or channels for involvement by the stakeholders by disclosing relevant information for acknowledgement by the stakeholders and providing opportunity for whistleblowing or complaints by the stakeholders via the Audit Committee without passing through the Company's executives, of which can be sent by mail or E-mail directly without having to disclose the name of the whistleblower or person who makes complaints, in order for the Audit Committee to study the information or find facts based on the information from the whistleblower and to directly present the matter to the Board of Directors for consideration of finding protection measures and appropriate compensation to the damaged person according to cause and impact on a case-by-case basis.

- The Board of Directors has established policies to look after the environment and nearby communities that may be directly affected by business operation of the Company in order to gain trust from the relevant persons in the Company's operation, as well as promote and encourage every employee to get involved in overseeing and continuously carry out safety procedures concerning lives, society, communities and environment.

- The Company has established criteria and procedures concerning reports on interest of the directors, executives and related persons, in accordance with the Securities and Exchange Law and other related law.

- The Company has established policies and guidelines regarding good corporate governance in order for clear understandings and practices which everyone in the organization shall adhere to while treats stakeholders' rights as priorities.

## **INNOVATION CREATION**

- The Board of Directors has applied social and community responsibility concepts with the philosophy of sufficiency economy in line with business strategy planning by bringing knowledge from business experience to develop, including applying and inventing business innovations that continuously increase competitiveness and increase business value for the company to continue to grow with quality, stability and sustainability in the long term, having principles as follows:

- (1) Supporting the creation of innovations that create value for the business while creating benefits for customers or related parties with responsibility to society, community and environment.

- (2) Monitor and supervise the management to conduct business with responsibility to society, community and environment that reflected in the operational plan in order to ensure that all departments of the organization are performing in accordance with the objectives, goals and strategies.

- (3) Supervise the Management to allocate and manage resources efficiently and effectively by taking into account the impact and development of resources throughout the value chain in order to be able to achieve objectives and main goals with stability and sustainability.

- (4) Provide a framework for supervision and management of information technology that is consistent with the needs of business, as well as supervising the use of information technology to increase business opportunities and improving operations and risk management in order to enable the company to achieve its objectives and main goals.

## **BUSINESS ETHICS**

- The business ethics or code of conduct of the Company is the code of practices which the Company considers as appropriate guidelines for business ethics and practices, of which the Company believes that these practices have been traditionally followed for a long period of time and became faithful and acceptable in every circle to distinguish between what is “should” or “should not”.

- The Corporate Governance Committee therefore has established the business ethics or the code of conduct for the Company and fully wishes that all the executives and employees at every level will use as guidelines and strictly follow them for routine practice at all time.

- Every executive and employee at every level recognizes the fiduciary duties towards the stakeholders and adheres to the following practices:

### **(1) Toward Company and Shareholders**

- (1.1) Perform duties with honesty and in accordance with the laws, as well as making any decision in good faith and fairness to the major and minority shareholders for the maximum benefits of the Company and shareholders overall.

- (1.2) Manage the business with skills and knowledge with aim to attain strong and sustainable progress and growth of the Company with appropriate return to the shareholders.

- (1.3) Protect Company’s interest and look after the Company’s assets as if a person responsible for his/her own assets; do not seek to gain personal interest fraudulently, either directly or indirectly.

- (1.4) Report the Company’s status and operating results accurately and completely based on truth at all times.

- (1.5) Do not reveal Company’s secret and do not use Company’s information or secret to gain personal benefits or others or seek for other benefits dishonestly from work duties.

- (1.6) Get rid of problems concerning conflict of interest cautiously and reasonably and disclose the information completely.

- (1.7) Respect the ownership right and treat the shareholders equally.

## **(2) Toward Customers**

(2.1) Treat the customers with honesty and fairness, as well as disclose and provide information on the products and services accurately and completely without distorting the information.

(2.2) Strictly comply with the terms and conditions provided to the customers, as well as offer services and treat the customers with kindness.

(2.3) Be attentive to the complaints from the customers and promptly and fairly take care of the matter to meet the demand of the customers.

(2.4) Maintain trade secret of the customers and do not use the information to dishonestly gain personal benefit and/or for other related parties.

(2.5) Constantly provide products and services with quality and standard, together with develop excellent products and services and new innovation to continuously add value to products and services, in order to meet requirements of the customers and/or seek means for maximum benefit for the customers.

(2.6) Do not gain too much profit when compared with the product quality and services and avoid setting trading conditions that are unfair to the customers.

## **(3) Toward Employees**

(3.1) Treat employees fairly and courteously while paying due respect to individuality and human dignity.

(3.2) Maintain work environment that is safe to employees' life and occupational health.

(3.3) Support, promote, practice, train and develop the skill and knowledge of the employees on equitable basis in order to build job security and provide opportunity for advancement according to capability of each employee.

(3.4) Encourage employees to take part in the establishment of direction, development and solution to problems of the Company as teamwork and professionally

(3.5) Provide fair remunerations, appropriate to the responsibilities, knowledge and capabilities and work performance of each employee.

(3.6) Carry out professional appointments, transfer, including rewards and disciplinary actions in good faith and based on competence, capability and suitability of such employee.

(3.7) Comply with all employee-related laws, rules and regulations.

(3.8) Avoid any unfair action to the employees and provide opportunity for employees to file grievances for unfair treatment or unjust processes in order to resolve such employees' grievances in a correct way.

## **(4) Toward Trading Partners and/or Creditors**

(4.1) Do not demand, receive or pay any improper benefits to the trading partners and/or creditors and should it become known that corrupt demand, receipt or payment of any improper benefits occurs, full information will be disclosed to the trading partners and/or creditors and jointly resolve the problem on a fair and timely basis.

(4.2) Strictly comply with the all the terms and conditions agreed with the trading partners and/or creditors. In the case that any particular condition cannot be met, the Company will promptly inform the trading partners and/or creditors in advance in order to jointly seek for acceptable solution and to prevent from further damages.

(4.3) Report accurate and timely financial information to the trading partners and/or creditors on a regular basis.

(4.4) Build good relationship and understanding in a correct and transparent means.

## **(5) Toward Competitors**

- (5.1) Treat competitors within legal framework and promote fair competition.
- (5.2) Will not fraudulently or inappropriately seek confidential information of the competitors such as paying bribery to the employee of the competitor.
- (5.3) Will not damage competitors' reputation by abusive accusation without truth.

## **(6) Toward Community, Society and Environment**

- (6.1) Will not engage in business activities and any actions that could damage the reputation of the Country, natural resources and environmental condition and the overall society.
- (6.2) Support activities that are beneficial to the community and society overall. Be conscious in the conservation of the environment and local culture.
- (6.3) Encourage moral principles or conscience and responsibilities to the overall communities among the employees at every level seriously and on a regular basis. Enhance the quality and security of the overall community, society, and environment by its own initiative or participating with the government.
- (6.4) Strictly comply with or supervise on compliance with all relevant laws.
- (6.5) Will not cooperate or support any person involving in illegal business or dangerous to the society and security of the Country. Oppose to any forms of corruption.

## **(7) Toward International Human Rights**

- (7.1) The Company strictly abide by the human rights principle by providing knowledge and understanding in human rights to employees as part of the operation in the Company, as well as discouraging any business that violates human rights or illegal business.
- (7.2) Employees at every level must thoroughly understand the law concerning with their duties and responsibilities and strictly comply with the governmental laws and regulations. Employees should consult with their supervisors and/or related law consultant on any law related concerns. Do not imply and proceed alone.
- (7.3) Employees traveling to work overseas should study laws, traditions and culture of the country of destination prior to the trip in order to ensure that overseas business undertaking shall not be illegal or contrary to the traditions and culture of the country of destination.
- (7.4) The Company shall uphold fairness and sincerity upon engaging in management related to salary, wages, benefits, and employment terms without favoritism. Forced labors and child labors are not tolerated. The Company shall support all employees with equal opportunity and provide appropriate and pleasant working environment. Additionally, the Company shall comply with the Labor Protection Act and Thai Labor Standards, including other related laws and regulations.

## **(8) Toward Political Neutrality**

- (8.1) The Company recognizes the importance of political neutrality. It shall not be involved and aligned with any political parties and political figures.
- (8.2) The Company shall not give any monetary support or resources of the Company to any political parties and politicians, directly or indirectly.
- (8.3) The Company does not have policy of both direct and indirect monetary and/or resources support in favor of any politicians or political parties.
- (8.4) The Company encourages all employees at every level uphold the principles of democracy to exercise their rights to vote on elections according to the Constitution, which employees have the right to express their personal political view or political participation during off-hour.

(8.5) Employees at every level are able to exercise their just political rights as an individual. Employees shall not exploit their position in the Company and the name and the seal of the Company in convincing other people to give monetary and other supports to any politicians and political parties.

(8.6) The Company has no policy for employee at every level of the Company to order or persuade in any way to make employee and subordinate join any type of political activities which may create conflict within the organization and cause damage to the Company in any case.

#### **CODE OF CONDUCT WHEN PROBLEM OCCURS**

The established Business Ethics and Code of Conduct for the employees may not cover all the possible cases that may occur; therefore, when problem arises in practice, the employee should consult and discuss with the supervisor according to level of authority for appropriate and suitable guidelines on a case by case basis.

#### **EFFICIENT AND EFFECTIVE RESOURCES MANAGEMENT**

The Company efficiently and effectively manage resources by taking into account of the impact and development of resources throughout the sustainable value chain, as well as taking into account of the maximum benefits to all stakeholders from procurement, production, transportation partners, and partners in various groups such as domestic and international distributors and responsibility to consumers as the end user of supply chain, to be able to achieve the main objectives and goals with stability and sustainability as follows:

##### **(1) Sustainable Value Chain Management**

(A) Production Process: The Company has improved its production process by applying modern technology to increase productivity, reduce time and production processes.

(B) Procurement: The Company's procurement process is systematic and theoretically correct, having tight control over the procurement and the Company encourages procurement from Thai operators and/or affiliated companies by negotiating based on terms of fair business relationship, protection of confidential information received from each of the bidders or tender participants without disclosing information to the others, maintain equitable business relationship with trading partners without demanding for any assets or other benefits directly or indirectly from the trading partner without any exception. The executives and/or persons with procurement authority must use discretion in giving advice, recommendation and listen to opinion of the employee objectively and fairly, as well as, having the authority to control, inspect and supervise that the matter is conducted strictly according to the code of conduct or good governance. If it is found that there is a violation of the code of conduct or good governance, investigation must take place and disciplinary action must be strictly considered according to established procedure. The Company considers this as the importance of quality and benefit received.

(C) Transportation: The Company hires transport companies known for their effectiveness, reputable with international standards in transport service, to transport products to the customers with quality, by which quality inspection on the transport companies are continuously and regularly performed.

(D) Trading Partners: The Company treats trading partners with transparency and fairness without demanding, receiving or paying any benefits, strictly follows the terms and agreement, jointly resolve any problem and properly maintain good relationship and understanding with accountability. If there is any information on dishonest demand, receipt or payment of any benefit, such information should be disclosed to the trading partner and the case should be jointly resolved fairly and promptly.

(E) Consumers: The Company places importance to the customers whom are important stakeholders in the value chain, by adhering to the principles of honesty and justice, protection of confidential trade information of the customers, strict compliance with the terms and obligations agreed with the customers, no profiteering, manufacturing good quality products, as well as, providing after sale service, for the best interest and satisfaction of the customers.

## **(2) Energy Management**

The Company is committed to effective energy utilization and has established a guideline for energy utilization and conservation as follows:

(1) The Company shall regularly and continuously develop energy management system, having energy conservation as a part of operations of the Company, while proceeding in accordance with related laws and regulations.

(2) The Company shall regularly and continuously improve energy efficiency of the Company as appropriate for the technology being used and good operating standards.

(3) The Company shall established energy conservation plan and target annually and communicate such plan to all employees for understanding and proper proceedings.

(4) The Company expects energy conservation to be the duty and responsibility of all executives and employees at every level, who must cooperate with the elected measures.

(5) The Company shall give necessary support, including human resources, technology, budget, trainings, and feedback for regular and continuous energy management development.

(6) The Company shall revise and update energy related policy, target, and plan annually for most effective energy management development and utilization.

## **(3) Procurement Management**

The Company has established a procurement unit to carry out any procurement matters in order to fulfill the purpose of every unit and in accordance with the established standard of quality. The related procedure and regulations are as follows.

(1) Every procurement transaction must emphasize on the benefit and quality for the Company by receiving package and product correctly as ordered on the quality, price, quantity, service period and promptness. The policy on quality, safety, health and environment of the Company must also be taken into consideration.

(2) Employee who is in charge of the procurement must plan ahead well to avoid unreasonable rush of procurement.

(3) The Company shall not take advantage of the trading partners by considering the benefit and damage that may occur in terms of reputation, image and perception of the Company with the outsiders.

(4) Employee who is in charge of the procurement must provide information that are correct, clear and complete to the trading partner, using disclosure method and providing equitable opportunity to the trading partners.

(5) Employee who is in charge should listen to comments and any suggestions that the trading partners complain or comment in order to improve and resolve problems that have occurred for better efficiency and effectiveness.

(6) Employee who is in charge must maintain the information received from each proposal or bidder as confidential and must not disclose the information to other parties.

(7) Invitation for the bidding process must be conducted in a competitive manner with fairness and impartiality to every trading partner.

(8) Negotiation should be based on business relations to both parties which are open and fair, having evidence that can be referred to.

(9) Maintain equitable business relationship with the trading partners without making demand, receiving goods or any other benefits directly or indirectly from the trading partner without any exception.

(10) The executive and/or authorized person in the procurement must employ impartial and fair discretion in providing advice, recommendations and listening to comments from the employee.

(11) The executive and/or authorized person on the procurement must control, check and supervise so that the task has been strictly undertaken in accordance with the code of conduct and if it is found that the code of conduct has been violated, investigation and disciplinary action or punishment must be strictly undertaken according to the established procedure.

(12) It is encouraged that the procurement is provided to the Thai operator and/or affiliated companies of the Company with important consideration on the receiving quality and benefit.

(13) The procurement should be conducted in a systematic manner and correct in principle having strict control which can always be improved in consistent with changing business situation.

#### **(4) The Use of Information Technology and Communication Management**

Information technology and communication system is regarded as an important factor in promoting business operation and increase efficiency and effectiveness of the work. Accordingly, the Company has established a joint responsibility for every employee that must use the information technology and communication system in compliance with the laws, regulations, orders and standard as established by the Company, which are as follows.

(1) The Company has established safety management of the information system by having issued Company's regulation and order for the Company's employee to comply with the law regarding the use of such computer.

(2) Every employee of the Company has duty and must adhere to the following practices.

(A) Employee must comply with the copyright law, law on the use of computer, regulations and orders of the Company concerning with the use of the information system.

(B) Employee must not violate software copyright or intellectual property of the others.

(C) Employee must not take software program belonging to the Company for own personal use or give it to other individual whom is not a Company's employee for commercial use, copy, disseminate, or make revision of any kind without permission.

(D) Employee must not use the Company's email system on the account of oneself or the others to send or forward information or messages which are deemed harmful to the security of the Country, religion, and royal institution, personal messages, messages with falsehood content, uncreative, chain letters, threatening, computer virus content, to the outside or within the Company, and no falsification of any statement in the email messages of the Company without any exception.

(E) Employee must not use the Company's email system to disseminate news or information of the Company to the outsiders except for those authorized and having duty concerning with the public relations.

(F) Employee must not download any types of file without permission and must not use internal network for any entertainment so not to deteriorate the efficiency of others' email receiving and sending capacity.

(G) Employee must not use the computer network with intention to perform any illegal activities, go against peace, moral standard, and commerce, disclose confidential information or express personal comments.

(H) The use of computer or personal communication device which requires connection with the network of the Company must be approved by the Chief Executive Officer.

(I) The use of computer in the Company or taking the notebook computer for use outside the Company is required that a password be installed and entered every time of use for security of the work. The password must be kept confidential and should be changed from time to time or at least every three months.

(J) Employee must not install a software program that can check or capture information from the network unless having been authorized from the Chief Executive Officer on a special case in order to comply with the relevant laws or regulations.

(K) Employee must maintain the computer and devices under responsibility in good care and use them properly.

(3) The Company shall inspect, search, monitor, investigate and control the use of information system of the employee if it has been found that the employee has used the system inappropriately or might cause damage to information system of the Company.

(4) If the Company finds that an employee has violated or has not complied with the regulations and orders of the Company, such employee may be subject to disciplinary action and/or punishment by law, depending on the severity of the case.

#### **(5) Intellectual Properties and Copyright Management**

In pursuant to copyright related laws and computer acts, the Company has established a guideline as follows.

(1) Software being used for operation of the Company must be legal copies. "Free ware" or "Shareware" are usable.

(2) Installation, updates, modification, or uninstallation of any software on the Company's computers must be conducted by the Information Technology Sector, or be approved by the Information Technology Sector.

(3) In case of installation of unauthorized software, the employee who installed the software, including any employee who uses the computer with such software, shall be fully responsible and may be subjected to disciplinary action.

(4) Software of the Company may not be used with personal computers or computers of third-party without approval.

(5) Software of the Company may not be given to external persons, or be commercialized without approval, such as, lending or selling.

(6) Software of the Company may not be copied, distributed, or modified without approval.

(7) Inventions or software being developed are considered assets of the Company. The Company has all rights to such inventions or software. Employees may not distribute or commercialized such inventions or software.

(8) Anti-virus software shall be regularly updated by the Information Technology Sector. Users must scan for virus on any external data being used on the Company's computer.

(9) Employees must be responsible and vigilant while using software of the Company to prevent damage to the software which is an asset of the Company, and to the business of the Company.

(10) Employees and external persons who use software of the Company must strictly follow regulations of the Company. Any violation shall be subjected to disciplinary action according to the regulations of the Company and be subjected to legal proceedings.

#### **(6) Community, Society and Environmental Management**

The Company operates business with transparency and fairness; adhere to responsibility to the community, society and environment in accordance with good corporate governance principles and business ethics, as well as strictly complying with relevant laws. Accordingly, the Board of Directors has established policy regarding responsibility towards community, society and environment as follows:



(1) Not conducting business and/or taking any action that will damage the reputation of the country, natural resources and environment and/or to the public.

(2) Support activities that are beneficial to the overall community and society, giving importance to the preservation of the environment, as well as the local customs and traditions.

(3) Instill awareness and responsibility to community, society and environment among the employees at all levels continuously and enthusiastically, as well as raising the quality and maintaining safety for the community, society and environment by conducting independently and cooperate with the government.

(4) Perform or control to have strict compliance with relevant laws and regulations.

(5) Must not cooperate or support any person who does illegal business or a threat to society and national security, as well as against fraud and corruption in every form.

- The Company recognizes that “Community, Society and Environment” is an important mechanism to help promote the business of the Company to grow steadily by starting from a small society in the organization, namely the employees who are the key to enhance to potential and competitiveness to the community level and country level, having involved in activities with the following targets:

(1) Organization Level

- Develop skills of all employees at all levels and create knowledge within organization into competency management

- Encourage employees to express their opinion in the organization.

- Encourage employees to participate in community development.

(2) Community Level

- Conserve resources and environment.

- Promote and improve the quality of life.

- Promote education and develop learning of youths in the community.

- Promote learning, cultural awareness, morality and ethics as the foundation of the quality of life improvement for youths.

(3) Country Level

- Support environmental conservation activities.

- Support learning development and creating consciousness and social responsibility among youths.

- The Company has disclosed communication and dissemination of operations regarding responsibility to the community, society and environment for the employees and all related parties acknowledgement on the Company website [www.lannar.com](http://www.lannar.com)

## **(7) Anti-Corruption**

The Company is committed to anti-corruption in every form by raising the awareness of directors, executives, and employees at every level about the danger of corruption, instilling proper values, and inspiring confidence of all stakeholders for sustainable development of the corporation in long-term. Accordingly, the Company has declared an intention on anti-corruption and has been officially certified as a member of “Thailand’s Private Sector Collective Action Coalition Against Corruption” or “CAC” since 2015 and has been re-certified the membership for another 3 years until November 5, 2021.


## CORPORATE GOVERNANCE PRACTICES

The Company has followed the principles of the Corporate Governance Code for Listed Companies 2017 as issued by the Securities and Exchange Commission (SEC), as well as having considered and reviewed the Company's Corporate Governance Policy every year at least once a year. In 2019, there were some corporate governance principles that the Company had not put into practice, having appropriate replacement measures as follows.

Items Not Yet in Practice	Reasons or Substituting Measures of the Company
(1) The Board of Directors should clearly specify the term period of directorship position for the independent director to not more than 9 years without exception.	The Company has not specified the term period of directorship position for the independent director to not more than 9 years. Nonetheless, those independent directors who have held the directorship position for more than 9 years can express their opinions independently and still have complete qualifications according to the definition of the independent director of the Company, having various expertise, especially in accounting and financial aspect and legal knowledge, as well as bringing these knowledge, experience and skills to offer opinions and advice which are beneficial for planning Company's business strategy and policy according to the principle of long-term sustainable development. Thus, the Board of Directors has proposed to the Shareholders' Meeting to consider approving the re-appointment of the independent directors for another term.
(2) The Company should establish a policy specifying for the minimum number of directors as at time of voting during the Board of Directors' Meeting to be not less than two-third of the total directors to constitute a meeting quorum.	The Company follows the Company's Articles of Association, Chapter 3, Article 18 and Public Limited Company Act, Section 80, which states that "Not less than one-half of the total directors must be present at a meeting of the Board of Directors to constitute a quorum....."
(3) Each director should attend not less than 75 percent of all board meetings in any whole year.	The Company's Board of Directors comprises of 14 directors and there were 6 meetings altogether in 2019, having 13 directors attending over 75 percent of all the board meetings but only one director could not attend more than 75 percent of all the board meetings due to other important business obligations. Nonetheless, complete and adequate meeting documents were sent to the directors at least 7 days in advance for every board meeting, by which the directors who could not attend the board meeting could offer their opinions beneficial to the Company for each meeting agenda prior to the board meeting.
(4) The Board of Directors should consider appointing an independent director as the Chairman of the Board.	Although the Chairman of the Board of the Company is not an independent director; nonetheless, the Chairman of the Board has carried out his duties according to the role of Company's Chairman with fairness and transparency by considering Company's best interest without benefiting anyone in particular. Furthermore, the Chairman supports and promotes the directors and independent directors to participate in discussion and offer their opinions independently and there has never been a case of the Chairman of the Board casting a deciding vote.

Items Not Yet in Practice	Reasons or Substituting Measures of the Company
(5) The majority of the members of the Nomination and Remuneration Committee should be independent directors (more than 50 percent).	Although the majority of the members of the Nomination and Remuneration Committee are not independent directors; nonetheless, they possess knowledge, capability, skill and experience, and have understanding with regard to the authority, duties and responsibilities as members of the Nomination and Remuneration Committee, as well as having virtue, making decision with information and rationale, having maturity and adhering to systematic work and principle, able to offer independent opinions without being under influence by any person, and can sufficiently dedicate their time for the work of the Nomination and Remuneration Committee.
(6) The Company should consider appointing an independent director as the Chairman of the Nomination and Remuneration Committee.	Although the Chairman of the Nomination and Remuneration Committee of the Company is not an independent director; nonetheless, he possesses knowledge, capability, skill and experience, and has understanding with regard to the authority, duties and responsibilities as the Chairman of the Nomination and Remuneration Committee, as well as having virtue, making decision with information and rationale, having maturity and adhering to systematic work and principle, able to offer independent opinions without being under influence by any person, and can sufficiently dedicate his time for the work of the Nomination and Remuneration Committee and there has never been a case of the Chairman of the Nomination and Remuneration Committee casting a deciding vote.
(7) The Board of Directors should consider establishing the Corporate Governance Committee (at a board level)	The Corporate Governance Committee (CG Committee) of the Company comprises of at least 3 directors and executives from every department of the Company. Although the majority of the CG Committee members are the executives; nonetheless, they possess knowledge, capability, skill and experience, and have understanding with regard to the authority, duties and responsibilities as members of the CG Committee, as well as having virtue, making decision with information and rationale, having maturity and adhering to systematic work and principle, able to offer independent opinions without being under influence by any person, and can sufficiently dedicate their time for the work of the CG Committee.
(8) The Company's Board of Directors should comprise of at least 5 directors and not more than 12 directors.	The Company has 14 directors and continues to expand its business and therefore, needs to have diversity among the directors, especially in the qualifications and appropriate and sufficient knowledge and skills for the business expansion.
(9) The majority of the members of the Board of Directors should be independent directors (more than 50 percent).	Although the majority of the members of the Board of Directors are not independent directors; nonetheless, the Board of Directors has overseen the Company with fairness and transparency by considering Company's best interest without benefiting anyone in particular. Furthermore, the Board of Directors supports and promotes the directors and independent directors to participate in discussion and offer their opinions independently without being under influence by any person.

#### CORPORATE GOVERNANCE ASSESSMENT OF YEAR 2019

The Thai Institute of Directors Association (IOD) has prepared the Corporate Governance Report of Thai Listed Companies Year 2019, of which Lanna Resources Public Co., Ltd. was placed in a "Very Good" level (  ) with the average score of 89 percent, higher than the previous year with average score of 88 percent.

## RELATED PARTY TRANSACTIONS

(1) During the year 2019, there were no business transactions or benefit related between the Company, subsidiaries and associated companies with the directors and/or the executives.

(2) During the year 2019, the Company had significant business transactions with its related companies or juristic person by way of common shareholders and directors. These transactions, with terms and basis concluded under the normal course of business, are summarized as follows:

### (A) Coal Sale and Purchase

#### (1) Type of Transaction

Coal Sale and Purchase

#### Related Parties

Seller: Lanna Resources Public Co., Ltd. ("Lanna")

Buyer: Siam City Cement Trading Co., Ltd. ("SCCTR")

#### Connected Relationship

Siam City Cement Public Co., Ltd. holds 44.99 percent of paid-up capital in Lanna, having three joint representatives being directors of Lanna, namely, Mr. Paul Heinz Hugentobler, Mr. Siva Mahasandana and Mr. Vanchai Tosomboon.

Siam City Cement Public Co., Ltd. holds 100 percent of paid-up capital in SCCTR, having two joint representatives being directors of Lanna, namely, Mr. Paul Heinz Hugentobler and Mr. Siva Mahasandana.

#### Pricing Policy

Market price for same industrial sector and at similar coal quality.

#### Reason and Necessities

The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since Siam City Cement Trading Co., Ltd. is a distributor of cement products and other related products; therefore, future sales and purchase transactions should continue into the future.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Sale Volume	Metric Ton	562,222.39	582,291.67	-None-
Coal Sale Value	Baht	701,346,458.77	836,637,217.29	-None-
Balance Amount as at end of year	Baht	63,170,387.71	81,382,642.06	-None-

**(2) Type of Transaction**

Coal Sale and Purchase

**Related Parties**

Seller: PT. Lanna Harita Indonesia ("LHI")

Buyer: Lanna Resources Public Co., Ltd. ("Lanna")

**Connected Relationship**

Lanna directly holds 55 percent of paid-up capital in LHI, represented by following commissioners and directors:

(A) Board of Commissioners: having two representatives from Lanna; namely, Mr. Kraisi Sirirungsi and Mr. Saharat Vatanatumrak.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Srihasak Arirachakaran, Mr. Anun Louharanoo, Mr. Atichart Mongkol and Mr. Thamrong Angsakul.

**Pricing Policy**

Market price for same industrial sector and at similar coal quality.

**Reason and Necessities**

The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, future coal sales and purchase transactions between the parties should continue into the future.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Sale Volume	Metric Ton	285,962	24,900	165,276
Coal Sale Value	Baht	284,875,862.56	33,781,591.46	204,339,605.55
Balance Amount as at end of year	Baht	-None-	-None-	-None-

**(3) Type of Transaction**

Coal Sale and Purchase

**Related Parties**

Seller: PT. Singlurus Pratama ("SGP")

Buyer: Lanna Resources Public Co., Ltd. ("Lanna")

**Connected Relationship**

Lanna directly holds 65 percent of paid-up capital in SGP, represented by the following commissioners and directors:

(A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Srihasak Arirachakaran, Mr. Anun Louharanoo, Mr. Sudusit Ounsangchan and Mr. Panot Charoensuk.

**Pricing Policy**

Market price for same industrial sector and at similar coal quality.

**Reasons and Necessities**

The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, future coal sales and purchase transactions between the parties should continue into the future.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Sale Volume	Metric Ton	-None-	-None-	60,852
Coal Sale Value	Baht	-None-	-None-	95,606,190.85
Advance Payment for Coal	Baht	150,770,000	-None-	60,580,584.33
Interest for Advance Payment of Coal	Baht	-None-	-None-	4,797,510.48
Interest for Advance Payment of Coal as at end of year	Baht	-None-	-None-	3,195,003.42

## (B) Services

### (1) Type of Transaction

Coal Freight Transport Service

#### Related Parties

Employer: Lanna Resources Public Co., Ltd. ("Lanna")

Contractor: United Bulk Shipping Pte. Ltd. ("UBS")

#### Connected Relationship

Lanna directly holds 49 percent of paid-up capital in UBS, having three representative directors, namely, Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul and Mr. Srihasak Arirachakaran

#### Pricing Policy

Comparable to general market freight rates paid to external vendors.

#### Reasons and Necessities

The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since Lanna has the policy to continue importing coals from overseas for sales as it is the core business; therefore, the tendency for future coal freight transport transactions between the parties should continue into the future.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Transport Volume	Metric Ton	746,405	840,063	989,847
Coal Transport Service Value	Baht	181,332,225.31	191,193,925.39	166,160,787.11
Advance Payment for Coal Transport Service	Baht	11,107,602.83	-None-	-None-
Balance Amount of Coal Transport Service Value as at end of year	Baht	-None-	245,333.23	-None-

### (2) Type of Transaction:

Coal Distribution Service

#### Related Parties

Service Provider: Lanna Resources Public Co., Ltd. ("Lanna")

Service Receiver: PT. Lanna Harita Indonesia ("LHI")

#### Connected Relationship

Lanna directly holds 55 percent of paid-up capital in LHI and is represented by the following commissioners and directors:

(A) Board of Commissioners: having two representatives from Lanna; namely, Mr. Kraisi Sirirungsi and Mr. Saharat Vatanatumrak.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Srihasak Arirachakaran, Mr. Anun Louharanoo, Mr. Atichart Mongkol and Mr. Thamrong Angsakul.

#### Pricing Policy

Comparable market service rates in general.

#### Reasons and Necessities

The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, the tendency for future coal marketing and distribution service transactions between the parties should continue into the future.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Service Volume	Metric Ton	3,108,687.425	3,466,985.581	3,328,071.768
Coal Distribution Service Value	Baht	72,011,846.56	83,432,282.79	84,147,892.40
Balance Amount of Coal Distribution Service Value as at end of year	Baht	5,259,047.57	9,473,849.88	6,332,663.62

**(3) Type of Transaction:**

Coal Distribution Service

**Related Parties**

Service Provider: Lanna Resources Public Co., Ltd. ("Lanna")

Service Receiver: PT. Singlurus Pratama ("SGP")

**Connected Relationship**

Lanna directly holds 65 percent of paid-up capital in SGP, represented by following commissioners and directors:

(A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Srihasak Arirachakaran, Mr. Anun Louharanoo, Mr. Sudusit Ounsangchan and Mr. Panot Charoensuk.

**Pricing Policy**

Comparable market service rates in general.

**Reasons and Necessities**

The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, the tendency for future coal marketing and distribution service transactions between the parties should continue into the future.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Service Volume	Metric Ton	2,066,588.236	2,207,370.09	1,955,914.071
Coal Distribution Service Value	Baht	80,124,386.14	88,602,015.96	81,863,737.82
Balance Amount of Coal Distribution Service Value as at end of year	Baht	12,591,368.09	1,126,196.47	20,419,087.76

**(4) Type of Transaction**

General Service Fee

**Related Parties**

Fee Receiver: Lanna Resources Public Co., Ltd. ("Lanna")

Fee Payer: PT. Singlurus Pratama ("SGP")

**Connected Relationship**

Lanna directly holds 65 percent of paid-up capital in SGP, represented by the following commissioners and directors:

(A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Srihasak Arirachakaran, Mr. Anun Louharanoo, Mr. Sudusit Ounsangchan and Mr. Panot Charoensuk.

**Pricing Policy**

Comparable market service rates in general.

**Reasons and Necessities**

Purchase of right to the service fee from the other joint venture partner in SGP, which is considered under normal course of business with general commercial terms and basis.

Transaction	Unit	Year 2019	Year 2018	Year 2017
Coal Service Volume	Metric Ton	2,066,588.236	2,207,370.09	1,955,914.071
Service Fee Value	Baht	48,074,631.24	53,161,209.67	48,969,798.64
Fee Balance Amount as at end of year	Baht	7,554,820.85	21,926,909.74	18,457,243.86

## Opinion of the Audit Committee on the Related Party Transactions

27 February 2020

Presented to    The Board of Directors  
                    Lanna Resources Public Co., Ltd.

The Audit Committee has examined and reviewed the related party transactions occurred during year 2019 among Lanna Resources Public Company Limited, subsidiaries, associated companies and persons with associated interest or related persons, in order to express their opinions, including disclosure of information on the operation in accordance with the regulations established by the Securities and Exchange Commission and the Stock Exchange of Thailand, which can be summarized as follows:

(1) The Company has sold imported coal to Siam City Cement Public Co., Ltd., which is both a Company's customer and a major shareholder, with agreed trading price based on comparable quality of coal offered to other customers in the same industry and in accordance with general commercial terms.

(2) The Company has purchased imported coal for further selling from PT. Lanna Harita Indonesia and PT. Singlurus Pratama, subsidiary companies registered in Indonesia, with agreed trading price based on a market price for comparable quality of coal and in accordance with general commercial terms.

(3) United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, has rendered service for freight transport of coal to the Company, with agreed freight rate based on comparable freight rates offered to external parties and in accordance with general commercial terms.

(4) The Company has rendered coal marketing and distribution service to PT. Lanna Harita Indonesia and PT. Singlurus Pratama, both of which are subsidiary companies registered in Indonesia, with agreed commission fees based on comparable service rates offered to external parties and in accordance with general commercial terms.

(5) The Company has received fees from the coal produced and distributed from PT. Singlurus Pratama, a subsidiary company registered in Indonesia, due to the Company's purchase of such right from another joint venture partner in 2018, which was in accordance with general commercial terms.

(Mr. Padoong Techasarintr)  
Audit Committee Chairman

(Mr. Abdul Tantharatana)  
Audit Committee Member

(Mrs. Duangkamol Suchato)  
Audit Committee Member





## CREDIT

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